

Maclean's

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REPORT FROM KOSOVO

By Barry Came

Death at Trickle Creek

In Love with Shakespeare



Say It Ain't So

Canadian sovereignty: Is the loonie next to go?

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A wake-up call for Canadians

Suddenly, the longest summer we've had with the sounds of NAMU—in North American Monetary Union. On the eve of Canada Day, debate swirled about "dollarization" and "one fifty." Canadians have the G. D. Howe Institute to thank for that, in particular two economists who released a paper advocating a monetary union. They are to be commended for launching the debate. The consequences of their proposal—the end of sovereignty for Canada in monetary policy—may serve as the wake-up call this country seems to need. If becoming de facto citizens of the United States, the inevitable outcome of monetary union, won't make Canadians sit up and take notice, nothing will.

Not that Thomas Courchesne, the jurisprudence/DePaul professor of economics at Queen's University, and Richard Harris, the BC Telephone professor of economics at Simon Fraser, don't marshal effective arguments (*highly effective arguments*). Bashed down to its essence, their position is that, given free trade, Canada has no choice. They believe that Canada's floating exchange

rate is not a good thing in a time of growing North American integration and increasing focus on selling to the U.S. market. In other words, Canada needs a stable and predictable rate of exchange to encourage firms to invest instead of fleeing to the United States, as many of them have been doing.

The economists also argue that monetary union is a natural single solution, that establishing a fixed currency rate, with a role for Canada in the decision-making, would be better than so-called dollarization—when nations simply proclaim that the U.S. greenback is legal tender. Argentina's President Carlos Menem recently proposed that very course for his country, while Mexico's main potent business lobby has advocated the same policy.

All of this, of course, makes Maudie Barlow and her automotive ginger group, the Council of Canadians, sound like brilliant prognosticators. During the free trade debate in the 1980s, she said that free trade would lead to pressure for a common currency—and it has. Another policy of a monetary union is that in the lead-up

Canada would have to lower its debt-to-GDP ratio in line with that of the United States. Medicare and other social programs, as a result, would be sure to be the chrysopeas.

The good news is that no red-blooded U.S. president would agree to some kind of supranational central bank, with a role for Canada and Mexico. Besides, the Clinton government is not about to give away the best argument it has against the separatists—destroying an independent Quebec the size of the Canadian dollar. As Finance Minister Paul Martin said last week during an interview on *Maclean's* TV: "A common currency with the United States is not on."

Talkingly Martin also added: "In time, but not yet come. It will not come, certainly, for a long, long time." In Europe, it took 20 years to create a monetary union. The question is, if and when some form of monetary union comes to North America, will there be a Canada? Certainly not as we know it.

Robert Lewis



Newsroom

Notes

Kosovo diary

As a team of *Maclean's* reporters and writers, led by Ottawa Editor Bruce Wilton, was preparing this week-over package on proposals for a common North American currency, European Bureau Chief Barry Cane was with Canadian troops in Kosovo. During

from Macedonia (in a scuffed yellow Suzuki Maruti, an Indian-made car), he passed a mile-long line of soldiers at the border and columns of military vehicles



Cane: scenes of devastation everywhere

before navigating the spectacular gorges that lead to central Kosovo. Then, the soundings started up. "There were scenes of devastation everywhere," says Cane. "In every ethnic Albanian village, there were blacked, burned-out houses, criss-crossed, piles of rubble, dead animals in the fields."

Cane got a bird's-eye view of the province while riding with a Canadian helicopter squadron, as he reports in his diary beginning on page 20. Kosovo, he says, needs massive reconstruction, "but rebuilding a multi-ethnic society will be much harder."

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Opening Notes

Edited by Tanya Davies



Crow (far left) the Doreen Chabak, MacLachlan and Soud (below) a queer—and snazzy—alternative to male-dominated rock festivals such as Lollapalooza

Arrow dogfight

Four decades after Prince Minister John Diefenbaker killed the Arco Arrow, controversy continues to swirl: the married Canadian jet transportation. The current focus is about recovering sole models of the Arrow that Thomson-based A.V. Roe Canada Ltd. launched over Lake Ontario in the mid-1950s. Nine of the three-motor-long replicas were mounted on rollers, test fired and allowed to splash into the water near Point Pelee, Ont. Now, the discovery of one model has touched off a barrage of backlash over the legacy of the find.

At the centre of the storm is Dave Gershaw, 44, a marine mechanic from Cayce, P.E.I., Ont. Gershaw recently made headlines when he announced he had found one of the models—without apparent help. That angered Bill Scott of London, Ont., because his group is one of two licensed by the Ontario ministry of culture, heritage and recreation to search for

the miniature Arco. The two men had a verbal understanding that Gershaw would work under the auspices of Scott's group. But Gershaw soon broke with the team, saying Scott was disorganized. He later found and salvaged a model, mounted with wings, tail, rotors and claimed sole credit. "He was after the glory, I guess," says Scott.

Gershaw counters that he relied on his own research to find the model. But he admits that he does not have the required license: a provincial spokeswoman had no comment on the matter. "I think if something falls in the water," Gershaw says, "you don't have to get a permit to look for it."



Scott is a hurdle over the discovery of an Arco model

Best-Sellers

Fiction

1. **DAVID COPPER**, Thomas Mann (C)
2. **THE FIRST WIVES**, Mary Shelley (B)
3. **THE PROTECTOR**, Michael Chabon (C)
4. **THE MAN IN THE IRON LUNGS**, Michael Ondaatje (C)
5. **THE GIVER**, Lois Lowry (C)
6. **THE GIVER**, Lois Lowry (C)
7. **THE GIVER**, Lois Lowry (C)
8. **THE GIVER**, Lois Lowry (C)
9. **THE GIVER**, Lois Lowry (C)
10. **THE GIVER**, Lois Lowry (C)

Nonfiction

1. **THE FIRST WIVES**, Mary Shelley (C)
2. **THE FIRST WIVES**, Mary Shelley (C)
3. **THE FIRST WIVES**, Mary Shelley (C)
4. **THE FIRST WIVES**, Mary Shelley (C)
5. **THE FIRST WIVES**, Mary Shelley (C)
6. **THE FIRST WIVES**, Mary Shelley (C)
7. **THE FIRST WIVES**, Mary Shelley (C)
8. **THE FIRST WIVES**, Mary Shelley (C)
9. **THE FIRST WIVES**, Mary Shelley (C)
10. **THE FIRST WIVES**, Mary Shelley (C)

Back in the fray

Toronto-based writer James Barque is out of a storm of controversy 10 years ago with *Other Leans*, his explosive book chronicling the nearly a million German soldiers and civilians were deliberately allowed to die in war zones and exposure to American and French-run prisons.

Barque, 57, has returned with *Other Leans* (Little, Brown), a revised edition of his controversial book. Barque's material is still available since the discussion of the Soviet Union and eyewitness accounts from war veterans. Barque also denies some of the responses to his first edition—letters from grateful prisoners and instances of what he calls "extreme hostility" from academics and members of Allied governments.

Passages

Awarded: The \$125,000 Royal Bank Award to Nobel Prize winner Michael Smith, 67, in Vancouver. A pioneer in gene research, the biochemist and molecular biologist shared the Nobel Prize in chemistry in 1995. The Royal Bank Award honours Smith's significant contribution to human welfare. He will receive an additional \$125,000, which will be donated to a Canadian charity in his name.



Died: Chicago Blackhawks vice-president Tommy Iser, 88, of a kidney ailment in Chicago. A native of Toronto, Iser won Stanley Cups as both a coach and general manager during a nearly 60-year NHL career.

Died: George Kitching, 88, the Canadian major-general who took the German surrender in Holland during the Second World War, of complications following a stroke in Victoria.

Saved: The Pittsburgh Penguins from bankruptcy by former owner Arthur M. Ross, 77, who bought the team from the owner of a federal bankruptcy judge approved. Ross plans to convert \$20 million of the \$46 million the Penguins owed him in deferred compensation into equity in the team.

Announced: By champion skier Elinor Stiles, 77, that she will continue to compete in an amateur, in Toronto.

Released: Over \$7 million for the Commodore Centre in Antigua—a drug and alcohol treatment facility founded by guitarist Eric Clapton in 1997—through an auction of more than 100 of his guitars, including a record-setting \$728,500 for the 1956 Fender Stratocaster he used on his 1970 album *Layla*, in New York City. Canadian actor Michael J. Fox bought two guitars.

Released: Mike Smith, 53, from his contract as Toronto Maple Leaf assistant general manager, the result of a dispute with team president Ron Dwyer.

Lilith entertains for the last time

The girls are back in town: Lilith Fair, the all-woman music festival conceived by Canadian singer Sarah McLachlan two years ago, kicks off a 40-day tour on July 11 in her home town of Vancouver. Created to a kinder, gentler alternative to male-dominated events like Lollapalooza, Lilith Fair—dubbed Chickapalooza and Barolite—features such diverse artists as rocker Sheryl Crow, new style country stars the Dixie Chicks, Canadian R and B sensation Deborah Cox and, of course, McLachlan. The tour will roll into Toronto on Aug. 21 and 22, and end in Edmonton on Aug. 31. That will be the last time Lilith can catch the fair, which features a travelling caravan of New Age booths and boutiques. McLachlan, who married her drummer, Andrew Wood, in 1997, has decided to stop organizing the festival and start planning a family.



A great addition to the résumé

Throughout June, a select member of Canadian luminaries climbed convocation podiums across the country to accept honorary degrees. *Saturday Night Live* creator Lorne Michaels received a doctor of laws at Toronto's

Ryerson Polytechnic University. Montreal's Concordia University bestowed honorary degrees on former politician Ed Broadbent and industrialist Peter Monk. Canadian Rick Mercer, who dropped out of secondary school,

received an honorary high-school diploma from landmark Earl Hall in Wolfville, N.S. And when CBC news anchor Peter Mansbridge accepted his degree from Mount Allison University in Sackville, N.B., he and it was a humbling experience, as "five minutes of research would reveal that my higher education ended in high school."

Say It Ain't So

The debate over abandoning the loonie has fuelled new fears about preserving Canadian sovereignty

By Bruce Wallace in Ottawa

There was a time when it was one of those textbook facts drilled into the heads of schoolchildren, never to slip the mind. Canada and the United States share the longest undefended border in the world. For Canadians, it was a point of pride to live next to a superpower without needing razor wire to maintain independence. The border was easily crossed on a summer vacation or for a day's shopping; the border posts approached with a fusion of excitement on the premise that something slightly more exotic awaited on the other side. But the border was also something real: a line in the Canadian imagination, comfort and reassurance that despite sharing a continent with a leviathan, Canada was still a distinct society.

Ten years after the two countries signed a free trade accord that bound their economies even more tightly, that line has become blurred to some and a nuisance to others. In money matters, Canadians find themselves strained to exchange rates the way they follow the weather. So it was perhaps predictable the day would come when a significant

number would muster the temerity to ask the sacrilegious question: does Canada really need to own dollars? But when the monetary crisis last week, and currency union bubbled to the top of the soup of public issues, it was unclear what exactly had happened to bring it to so much attention.

Washington certainly wasn't talking about sharing a dollar. Yes, the C. D. Howe Institute released a study arguing the merits of Canada using the same currency as the United States, but economists have been looking that idea around for a while now (admittedly in the safe anonymity of academic conferences). The CBC did broadcast a report that the federal cabinet would meet this week to discuss Ottawa's relations with the United States—including, possibly, the costs and benefits of currency union. But most



people seemed to accept Liberal denials that currency union was on the agenda. "A common currency with the U.S. is not on," Finance Minister Paul Martin said on *Maclean 77* last week. It was something, he vowed. "Ottawa will not contemplate."

So perhaps it was the visceral, angry, "I told you so" reaction from the anti-free-trade forces that bottled oxygen into the issue with such force. Once again, predictions of Canadian economic demise slipped from tongues. "I think it is very, very dangerous," said Maude Barlow, chairwoman of the nationalist Council of Canadians, who found his opinion in high demand last week. In the event of a common currency, he added, "I don't see how it would be possible to maintain our social programs or public health care. Culture would be gone." There were just enough signs of Canadian angst under siege last week to fuel alarm. In British Columbia, factory giant MacMillan Bloedel Ltd. was taken over by Weyerhaeuser Co. of Federal Way, Wash., a development that once would have aroused nationalist angst but seemed to elicit only a sad shrug of acceptance (page 28). "There is a significant portion of the population that doesn't see necessity of a currency as germane," said Rodi Engel, Bell Canada's senior vice-president of business markets.

A common currency is higher on the Liberal's agenda than they let on, declared NDP MP Lorne Nyman, who said he smelled a "dirty rat" and added that "unless there are protest in the streets we could end up with one North American currency." To hard-core economic nationalists, the Liberal cowardliness was more evidence that Canadian values were going under, devoured by Washington's voracious appetite to remake every other economy and culture in its own image.

Down south, the beast was apparently distracted. Those in Washington who noted the Canadian debate at all did so with bemusement. "Do Canadians understand that having a common currency does not mean they get to trade their existing Canadian dollars in for American ones?" said one administration official with a laugh. But the issue of currency union is not even on Washington's radar, and many Canadians know it. "It is unrealistic to think Americans would go for a monetary union, because that is simply not the American way of doing things," said Royal Bank of Canada chief economist John McCallum.

Yet there was a nagging sense that a Rubicon had been crossed last week. Sure, most of the Canadian economic establishment would sound reasons why a common currency would never work for Canada. And radical change



Cover

Nationalists greeted the common-currency question with predictions of Canada's imminent demise

don't have a pew in the church of the supposedly cautious Jean Chrétien government. But public discussion about surrendering the dollar undermined how quickly and drastically Canada has already been changed by the forces of trade liberalization and globalization.

Listen to John Reith, chief executive officer of Bancorp, One-based Norwest Network Corp. "I report in U.S. dollars—only," says the head of Canada's leading high-tech firm. "Normal language in books in U.S. dollars, we operate in U.S. dollars. So a single currency doesn't make any difference to us." The last decade has seen so much of the once-unshakable can't go past that only fools would rule out more seismic changes. "If

you ask me it is anybody seriously considering a single U.S. currency now the answer is no," said one senior adviser to finance minister Martin. "But if 10 years from now we are all using the American dollar, I would not be the least bit surprised."

The convergence of countries towards using a joint currency is not, on its own, an outlandish notion. On Jan. 1 this year, 11 European countries folded up their central banking operations and began the often volatile process of introducing a common currency, called the euro, into their economies (page 19). Canadian policy-makers watched the advent of the euro with a mixture of curiosity. The north lesson for Canada was learned, they said, because Europe does not have a dominant economy in North America does, and because European Union countries favor a more political integration (such as common social and foreign policies) than Canada would be prepared to consider. Only Quebec separatists used the moment to argue for Canada to adopt the U.S. dollar, something federalists describe as a ploy to further weaken ties between Quebec and the rest of Canada (if past Paris Québécois policy pronouncements are honoured, an independent Quebec would keep the French monetary and use the U.S. dollar as tender).

In the Western Hemisphere, however, the issue of "dollarization"—simply substituting the American dollar for local currencies—has caught a bit of a tailwind. The idea has recently struck a chord in Argentina and a growing constituency among bankers and businesspeople in Mexico. Argentina pegged its peso to the dollar in the early 1990s in a way to ensure a three-quarter inflation rate. The move has been so successful and popular that outgoing Argentine President Carlos Menem has gone on to advocate unilaterally switching his country over to the dollar. The idea has drawn strength from the global financial crisis in developing economies, with some Argentines seeing dollarization as protection from the possibility of currency plunges.

Menem has subsequently tempered his enthusiasm, especially after warnings in January from U.S. deputy treasury secretary Lawrence Summers that big Latin American countries

Charles with President Bill Clinton, Windsor One, border crossing (left) officials in Washington reacted with bemusement

need the fine-tuning capacity of their own central banks to stabilize their economies. "Menem has put some water in his fire," Argentine writer says Jean-Paul Hübner, Canada's ambassador in Buenos Aires. "He knows a single currency cannot fix Argentina's economic problems, and now says he prefers to have U.S. approval before moving to dollarization." Menem has since turned about first establishing a currency union with his direct South American trading partners such as Brazil.

But it is that slow slide towards dollarization in the Americas that is sized by Canadian economists Thomas Courchesne and Richard Harris in their new monograph C. D. Howe paper calling for Ottawa to negotiate a common currency with Washington. They fear a world in which the rest of the hemisphere gradually adopts the dollar, leaving Canada isolated outside a huge U.S. dollar zone. Instead, they argue, Canada should intensify negotiations for a new common currency

that would ease Ottawa's but at least some (input into) common monetary policy—though they have few ideas on how to meet Washington to join such a discussion. "U.S. co-operation in establishing the new currency and in providing central banking services to Canada limited institutions would be valuable," they write. "But if other countries adopt the U.S. dollar without such constraints, Canada's chances of obtaining them would diminish."

When it was released last week, the study was greeted with frenzy by the Canadian economic establishment. Economists lined up to take shots at the report's assertion that a dropping Canadian dollar was hurting foreign investment in Canada or deepening trade. "How do you explain this nonwithstanding



considerable currency volatility, Canada-U.S. trade has more than doubled in the last decade!" says the Royal's McCaffrey.

Critics also quarrelled with the report's assertion that without pre-emptive action dollarization is inevitable for Canada. Those countries eager to use the American dollar "had loose monetary policies, under lack of confidence in their domestic currencies, high interest rates, and their people got fed up," former Bank of Canada governor John Crow told *Maclean's*. "They said using the dollar will take policy out of the hands of our domestic people because they can't do it. You can't argue that for Canada." And why would Ottawa choose to surrender even more control over the Canadian economy, and everyone from nationalist hardliners to economists like Crow and American guru

Options for a post-loonie world

If Canada were to abandon its 141-year-old dollar, it would face two main currency options.

1. **The U.S. dollar.** Economic and political considerations aside, the most path to adopt the American dollar. After declaring U.S. currency the legal tender of Canada, so-called dollarization, the federal government would move to fully fix its rate at which Canadian dollars could be exchanged. The Bank of Canada would close. The U.S. Federal Reserve Board would continue to direct the policies that influence the ups and downs of the American dollar. Canada would have no say in such matters. From a consumer perspective, everything with a dollar value would

reflect the difference in the exchange rate at the time of transition. Canadian salaries, for instance, would be lower, but so would the cost of Canadian goods and services.

2. **A common currency.** The creation of the euro, which replaces the currencies of 11 European countries, has inspired calls for a similar system in North America. But some experts say this model, with its powerful central bank and shared administration by member countries, would not travel well. There is too much disparity between the United States and its neighbors, creating little incentive for Americans to relinquish control over monetary policy. "The Americans have a dollar that is widely accepted and traveled all over the

world," says University of Toronto economist Josh Cote. "They are not going to give up as a way in a central bank."

Much of the current debate was touched off by a report for the C. D. Howe Institute, co-authored by Thomas Courchesne of Queen's University and Richard Harris of Simon Fraser University. They believe Canada's floating exchange rate is hurting the economy and say the country should consider options to stabilize the currency. These could include adoption of the U.S. dollar, or their preferred choice—unilaterally instituting a fixed exchange rate, then working towards a formal monetary union that would eventually result in a single North American currency.

Patricia Chisholm

Countries using the dollar

Dollarization economic activity is at least partly based on foreign currency in many countries, especially in the developing world. The top 10 nations for moderate holding assets in foreign currency denominated (in of 1995).

- | | |
|-------------|---------------|
| 1. Bolivia | 6. Nicaragua |
| 2. Uruguay | 7. Azerbaijan |
| 3. Peru | 8. Turkey |
| 4. Croatia | 9. Argentina |
| 5. Cambodia | 10. Laos |

Source: International Monetary Fund

Million Friedman: "Currency is a very important symbol of sovereignty," says Friedman. "If a nation is going to stay a nation, it needs as many symbols of sovereignty as it can possibly have." Giving up the loonie, added Crow, "means somebody else runs your money, and the policy they run may not necessarily be the one you want to run."

But national governments everywhere are finding their flexibility squeezed under globalization. Finance Minister Martin has, along with British Chancellor of the Exchequer Gordon Brown, become one of the leaders vying calling for new international financial structures to protect the global system from meltdown. In Ottawa, part of that review has included quietly looking at dollarization and other options for the Canadian currency. Last month's dead dog in the Canadian dollar to move lower—far below any level finance officials thought reflected its true value—spelled Ottawa into looking at all other options.

Business groups also have mumbled the common currency, though they, too, want to keep the political centerpiece low. Mulroney has learned that the Business Council on National Issues studied dollarization in depth over the past six months and concluded the debate itself was not worth the economic risk it would provoke with economic nationalists.

Canada has already been changed by the forces of trade liberalization and globalization

Not that the Canadian business community is united. There are businessmen like Wolf Haneler, president of Grydco, One-Stop Skyline Inc., who likes the idea of a common currency. More than 30 per cent of Grydco's contract price platforms are denominated in euros. "Faster than a common currency gives us that," he predicts the world will, one day, have a single currency. "The lower rates to convert, the better," he says.

But the BCNI discussed most of its members oppose a single currency. And while they are more receptive to the idea of a common union under which Canada and the United States would see a common tariff policy what business leaders really want to talk about is the urgency of harmonizing Canadian tax levels with the United States—in other words, lowering them. "There are much more profound issues on our agenda than the currency," says Ottawa trade consultant Gerry Skeneau, who helped negotiate the 1989 free trade



Gordon Brown joined as leader by the Canadian economic establishment.

deal as a senior civil servant. "We haven't yet finished our adjustment to free trade."

That adjustment process, in fact, was the reason the Liberals set aside a half-day at this week's cabinet retreat to talk about Canada-U.S. relations—the so-called this day session that was portmanteaued with summer overseas. Ottawa has become unsettled in recent months over the rising number of disagreements with Washington, from trade disputes over magazines, fish and lumber to accusations by the

Americans that it is too easy for sensitive Canadian technology to fall into the hands of rogue states or groups. Canada's sometimes clumsy approach to security issues worries Washington—some accuse why U.S. border controls are being tightened. "My second greatest fear," says one Canadian intelligence official, "is having a terrorist act committed in Canada. My greatest fear is not committed in the United States where the guy got into the States from Canada."

But if Prime Minister Jean Charest's men were to find ways to smooth relations with the country now absorbing 85 per cent of Canadian exports, he may lose the flip side of closer integration from some of his cabinet. "The ministers used to us that given the close ties, we must see how we defend ourselves from being overwhelmed," said Toronto Liberal MP John Godfrey after an Ontario Liberal caucus retreat last week. "This unbridled and rule books drifting north, with different views on health care, the minimum wage and productivity. We should look at how close we defend what we've got now, not how we give things away."

In Canada's home no need yet to start breathing up its lost U.S. grounds to be able to sell a 350 tonne at a \$10. "There was a kind of Eddies in economic reporting, and the Fed row is that we should go to an American as a common currency," says former Finance Minister Donald Macdonald, whose 1985 report on monetary union into free trade lacked all the national debate which resulted in the past with the United States. "But the downs would be greater than the ups. You lose control of your policy-making. It is not just economics—it has to be politics as well, the notion of Canadian independence." But just as with free trade, the issue of monetary union has stepped out of the shadows and assumed a certain legitimacy. It is suddenly less heretical to talk about it, tougher to stuff it back in a closet. Monetary union's time may not have arrived last week, but it is now hard to see it going away.

With Mary Joerges, Alex Lewis, Susan Old and Susan McCallister in Toronto and Luke Fisher in Ottawa

Euro. Growing Pains

Europe's common currency is going through hard times

Like the arrival of any child, the birth of the single European currency on Jan. 1 was greeted with great optimism. The proud parents—11 European Union countries—had agreed to abandon their own money in the belief that a single super-currency would boost the economic fortunes of the entire continent. For a while, they seemed to be right. The fledgling euro soared in value against the U.S. dollar, and pundits predicted the muscular greenback would finally force some legitimate competition as world leaders. But six months later, the euro is stumbling as investors seek to dump it. The problem: Europe's economy is stuttering, and worse, many believe that the fiscal policies underpinning the new currency are being unravelled by member countries that feel the another required for maintaining it may not be worth the fiscal pain.

The euro, which has already lost over nine per cent of its value this year, was launched upon last week. Over blow came from Romano Prodi, the incoming European Commission president from Italy. He said economic problems in Italy could make it impossible for the country to meet its targets for deficit reduction, as agreed in earlier, the euro plan. Then, Prodi said, might force Italy to abandon the common currency—undercutting a major problem looming for the euro. If even a single country is allowed to deviate, the value of the new currency, which will be fully phased in by July 1, 2002, could continue to fall. The Italian question "is a sign of economic," said Jim O'Neill, a currency analyst at Goldman Sachs International in London. "It adds to people's feeling that there's no co-ordinated economic leadership."

Another blow came from anti-sharing Britain, when Prime Minister Tony Blair said it would be "difficult" for his country to choose the euro. That dashed the hopes of British pro-Euro groups who had hoped that the prime minister would help shore up the currency by urging its adoption.



Prices in Italy posted in euro and lire opposition

And voters in France also hurt the euro in recent elections for the European Parliament. The nationalist Rassemblement pour la République party "The nation-state remains the main point of reference for European people," said William Abtsch, the RPR's chief political advisor. "We are going to create a major political force in France as the basis of defending national sovereignty."

With the euro's unstable economy, Germany last week moved to shore up the currency by launching a round of spending cuts in a budget reform package. The program, which is expected to stimulate the German economy, would cut corporate taxes by 54.2 billion and slash government spending by 1.5 per cent. If adopted, and a government spokesman, the measure "would give an important signal for the stability of the euro."

The euro's unstable economy has made it a new currency's many advantages. Businesses, they say, have benefited because of its market value. In the past they were hurt when the value of currencies fell. And pessimists over a common currency may also disappear if the European economy begins to fire on all cylinders. With the world economy apparently entering a growth phase, many analysts believe that the euro could start to rebound. And Inigo Aguilar, who follows the currency for Value Line, a financial services and information firm in New York City, says the euro will eventually rise in place as a world-class currency. "But we are talking about four or five years." Agreeing cautiously. In the meantime, though, opposition to the new currency continues to mount, even as its value fluctuates.

Tom Foxwell with Hugo Miller in London



The Giant Falls South

MacMillan Bloedel was in the fibre of British Columbia—but few tears are being shed for its sale

Walk anywhere in Vancouver and there are signs of lumber giant MacMillan Bloedel Ltd.'s presence: the Bloedel Conservatory in Queen Elizabeth Park, the H. R. MacMillan Museum, the MacMillan Bloedel Ltd. Canadiana Collection in the public library, and the H. R. MacMillan Gallery of Whales in the Vancouver Aquarium Marine Science Centre, to name a few. The company's history and its city's development are inextricably linked—in its province's. Not only does MacMillan Bloedel employ 3,700 people in British Columbia, but since its inception in 1919 it has been the most influential and most controversial forest company in this coast-span of the country. Its founder, H. R. MacMillan, who died in 1975,

"was unquestionably the greatest entrepreneur in B.C. history," says noted natural resources economist Peter Pearce.

So it was with shock that British Columbians learned last week that their multinational powerhouse was being sold for \$3.6 billion to Weyerhaeuser Co. of Federal Way, Wash., the third-largest forest products firm in the United States. Yet so fluid are the commercial borders between the Pacific Northwest states and British Columbia that once the sale was off, more B.C. residents—other than worried environmentalists—embraced the deal, shedding any restraint they once over the company's Canadian origins. "It was greeted by the opposition to this," says Ken Drutkuk, a former

Stephen Legger
in Vancouver
bloedel, reversing
the fortunes of a
struggling company



logger and author of a biography of H. R. MacMillan. Even Ray Smith, longtime president of MacMillan Bloedel who ran the company through the 1980s, accepts nostalgia aside. "This is just another chapter in the evolution of the forest business in B.C.," he said.

B.C. Forest Minister Dave Ziesbehl, beleaguered by the province's resource economy, indicated his government will not stand in the way of the Weyerhaeuser purchase. "You may say it's unfortunate that a B.C. company is being sold," he told *Maclean's*. "But that's the way the world is now." Despite his efforts, British Columbians are actually relieved MacMillan Bloedel is in the hands of a Washington state owner, rather than one from Ontario or Quebec. "Better to have somebody just down the road than 3,000 miles across the country," he says. Observers suggest there will be more consolidation in the B.C. forest industry and they agree the provincial government's inability to manage the economy, plus the low Canadian dollar, practically pushed MacMillan Bloedel into U.S. hands. Newsletter writer (and B.C. billionaire) Jeremy Paxton bought more than five million shares of Simon Fraser Products Ltd. of Richmond, B.C., also caught everyone's attention. Analysts began to wonder which forest company to invest on the takeover bid last.

One of the most startling things about Weyerhaeuser's acquisition is that no one even guessed MacMillan Bloedel was on the block. President Tom Stephens, an Arkansas native who took the helm in September 1997, and he had "lock-in" intentions to turn the floundering company around and, after radical restructuring, the money began to flow on. By the end of 1998 profits were \$42 million, a staggering recovery from the loss of \$348 million the year before. With profits in hand, Stephens said he was looking for acquisition. So when he received a call from Weyerhaeuser's chief executive officer Steven Regel on April 22 to buy the company, he was caught off guard. "Uh-oh," he says he thought, "this guy is serious."

Stephens and the MacMillan Bloedel board turned Regel away a number of times, but then the offer became too sweet: shareholders will get 0.28 of Weyerhaeuser stock for each share of MacMillan Bloedel. This translates to \$28.60 per share, well above the \$21.05 MacMillan Bloedel was trading at on the Toronto Stock Exchange the Friday before the deal was announced.

Before the deal was finalized over the June 19 weekend, lawyers and accountants bailed from RBC Dominion Securities Inc. moved some to a Richmond hotel under the guise of "the Robinsons," reportedly in town for a family reunion. "It was the only way the team could work without drawing attention," Stephens told *Maclean's*. The Robinsons race kept the lid on the deal-making. By Sunday, when the U.S. wire dated, the MacMillan Bloedel team had the telephone, listing about 80 employees listed on the sale. Stephens met Ziesbehl and Pearce's Glen Clark that night and told them that "to approve this would be political suicide."

Clark and Ziesbehl obviously listened. Since the announcement, the premier has been underlining the deal's advantages and Ziesbehl says it indicates a turnaround for the economy. The agreement also requires the closing of shareholder and the Canadian and U.S. federal governments. The

province will hold public meetings, but Stephens does not expect much opposition. He believes the deal will be approved within five months.

Initially, Weyerhaeuser was interested only in MacMillan Bloedel's U.S. producing assets, which the B.C. firm was holding on to. But also a closer look at the forest giant, CEO Regel told *Maclean's*, "we didn't see much we wanted to buy the whole company." Bob Duncan, co-owner with Research Capital Corp., believes "the American assets created the deal and the Canadian assets came along with them." Still, Regel says Weyerhaeuser has no intention of selling the Canadian holdings, and observers hope his company, which he says is very pro-free trade, will help Canada in the proposed lumber dispute with the United States. "Maybe they will become more aggressive advocates for Canada," Duncan suggests.

It was Stephens' intense reshaping of MacMillan Bloedel—selling off major assets such as the paper business and cutting 2,700 jobs in being the workforce down to 9,500—that turned the company around. Even those who did not always agree with him on how B.C. forests should be managed, his success has been undeniable. "He did a phenomenal job," says John Kim, chairman of the Vancouver-based lumber firm Legume Ltd. "The interesting thing was that you never knew what he was going to do next." Stephens even smoothed over a rocky relation with environmentalists who battled MacMillan Bloedel over the logging of the province's Clatsop Sound and desired the way the company harvested timber. They were brought around in June 1998, when Stephens announced a phase-out of clear-cutting. Weyerhaeuser isn't committing itself to MacMillan Bloedel's lead on clear-cutting, but is studying the issue.

Stephens will be amply rewarded for his efforts. Once the Weyerhaeuser sale goes through, he will walk away \$13 million richer and will return to live full time in Denver with his family. Next month, he plans to take them on a boat trip up the Fraser River on the B.C. coast. Then, he may pick up the interests he left when he came to Vancouver, such as teaching economics at Denver's inner-city schools. Stephens allows he is coming with mixed emotions. "I've never enjoyed anything more than working at MacMillan Bloedel," he says. His reason was brief but solid: "I've seen H. R. MacMillan here been so many changes in the B.C. forest business. Left in the woods here will never be the same." ■

Back in the black

After net earnings slid to a huge loss in 1997, MacMillan Bloedel has begun to turn itself around





uses, including three miscarriages and a stillborn child. The violence Christian Reformed minister denials the use of violence to combat the industry. "This is war," he has said, "and as war there are some serious casualties." But Ludwig says even he, Ludwig, opposed the first campaign to be a popular, athletic, girl whom his family last week described as a fast-moving member.

Karman Willis was one of eight teenagers in two pickup trucks who arrived at the Trickle Creek farm around 4 a.m. on June 20 after spending much of the night at a bush party. What happened in the ensuing moments remained, it would seem, still a matter of much confusion and confusion. The RCMP—which had yet to lay any charges after conducting an exhaustive week-long search of Ludwig's property and seizing several firearms—were saying very little. According to

Willis, Ludwig, the teens were drunk, throwing bottles and driving recklessly close to a tree where four of his daughters, ages 9 to 20, were camping, when shots rang out. Some of the teens involved in the fatal rifle shot reported they were sober at the time and had entered Ludwig's property out of simple curiosity. They said they were pulling away from the farm when they heard three shots. Karman was hit in the chest and died a short time later. A 19-year-old friend, Shaun Weiswiler, was treated for gunshot wounds and released from hospital after three days.

For nearly 36 hours after the fatal shooting, the normally lugubrious Ludwig declined to speak to reporters. When he did start talking again, he displayed the self-righteousness that so infuriates his neighbours. While he claimed to be "sad" for the parents of the dead girl, he said they needed to reflect on why their daughter was out at that time of the night

since the culprit "would be a definite target for vigilante action."

Ludwig's closest neighbour, farmer Bob Everett, maintained a more reserved sense of exasperation. "This is a very clever man and he's trying to wind out of this thing," said Everett. "Confuse the issue, that's part of his strategy." Unlike the police, uncorroborated strong forensic evidence, they could be as a real bend, added Everett. "It's very tight-knit group there and if nobody will talk, how do you decide who actually pulled the trigger?"

Last fall, Everett helped spearhead a petition signed by all but one of the 21 families in the vicinity of the Trickle Creek farm. It stated that some of them had suffered the grievous health problems Ludwig attributed to the oil and gas industry. Like many in the area, Everett thinks the media have given Ludwig far too much favourable publicity. "We've been hanging in the press that these people are respectable and very, very dignified," he said. "But the media keep portraying him as some kind of folk hero, hiding behind this illusion that he's an environmentalist."

Even some of those who share Ludwig's concerns about the effects of sour gas emissions are dismayed by the recent turn of events. Henry Piders, a 70-year-old local teacher who has spoken out on behalf of Ludwig in the past, told Maclean's last week. "This whole thing has hurt the environmental cause in



Mourning Willis' death: 'No life a war zone right now'

Rage in Peace River Country

By Brian Bergerson in Beaverlodge

On a brilliant summer's evening last week, two children were played soccer outside the Beaverlodge Community Centre. Another group of youngsters splashed with glee in an adjacent outdoor swimming pool. Inside the town hall, though, the mood was ugly. More than 200 residents from Alberta's Peace River district had gathered to discuss the fatal shooting of a 16-year-old Beaverlodge girl on the farm of Wiebe Ludwig, an outspoken ex-preacher who has been accused of participating in an anti-unionism campaign against northern Alberta oil and gas industry. The closed-door meeting was called by the RCMP to help people constructively channel their anger and grief over the shooting, which took place in the early hours of June 20 when a group of teenagers apparently went for a party on Ludwig's property. But many residents were leaving none of that. They wanted revenge.

As an RCMP official stood alone at the front of the meeting hall, one person after another shouted out in anger and dismay. "Why ask Ludwig to pull" one man demanded. "Why don't you go in and arrest him?" yelled another. "That yellow stripe down your pants also runs

down your back." Many spoke passionately about taking the law into their own hands. "We're dream folk," said one woman. "But I don't know that we're going to be dream anymore." Added another resident: "Ludwig may have bombs. Well, guess what, we got guns."

Violence—both real and threatened—has been a staple of life in the Peace district over the past three years. During that time, there have been more than 160 unsolved incidents of vandalism, shootings and bombings directed at oilpatch facilities. Many residents lay the blame for the violence squarely on Ludwig, the founding patriarch of a 35-member Christian fundamentalist community based on an isolated quarter section of land known as the Trickle Creek farms, near Hilda, Alta., 350 km southwest of Edmonton. Ludwig and Richard Boonstra, whose family is also part of the Trickle Creek community, are currently free on bail after being charged in January with nine counts of criminal conspiracy and mischief related to oilpatch terrorism.

None of the charges have yet been proven in court. But Ludwig has repeatedly drawn attention to himself with inflammatory statements to the media about the oil and gas industry. Ludwig blames sour gas emissions from 10 well sites surrounding his farm for a wide range of family afflictions, including three miscarriages and a stillborn child.



in the company of "wild young teenagers." That may be hard for those to digest, he acknowledged. "But I drink on time we're going to realize that we've prospered our land, that we're making a real good generation." Ludwig also attempted to directly link the tragedy with the struggle that has consumed him in recent years. "If anyone pulled the trigger," he said, "Michael," it was the oil industry that started this controversy and the government which refused to deliver into it before it got out of hand.

In fact, Ludwig spent a good part of last week publicly speculating on who exactly fired the fatal shot. Initially, he suggested the trapping snare men, horse thieves, drug pushers and maybe the teens in the confederacy. A theory discarded by the police and the teens who said they had nothing more lethal than some fishing rods in their possession. Soon, though, Ludwig was concluding that "most likely" the shots came from someone who lived at Trickle Creek, though he insisted he had no idea who that might be. But even if a community member was responsible, he said, he or she clearly acted in self-defence—and confusion was not an option

Anger runs high after a shooting on a controversial ex-preacher's farm leaves a local teenage girl dead

this province. We don't need this kind of violence. Nobody gets from it. But Piders was equally disturbed by the threats against the Ludwig family. "It's like we're in a war zone right now," he said. "There's talk of lynchings and I don't know where this will end."

At a memorial service for Karman last Thursday, United Church minister Chris Donnelly addressed the threat of vigilantes. "Do not become what you yourself fear," he urged the 1,100 mourners who crowded into the Beaverlodge hockey arena where Karman had often studied spectators at a hockey game. Following the service, Karman's brother-in-law, Roger Lowen, and a sister-in-law, in Karman's pickup truck and other family members stood nervously behind him. "We have faith in God that justice will be served," Lowen said. "We are appealing to the government and the RCMP to bring charges in this matter. Until that happens, our family can't and won't bring closure to this tragic death." The grief ended on the floor of Karman's loved ones was a poignant reminder that while Wiebe Ludwig was poisonous to drag on, a young and vital life had been snuffed out forever.

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Bruce Wallace

Chrétien's bad optics

Friends say Jean Chrétien was a good man the day he bought the aptly named Grand-Maison Golf Club near Shawinigan, Que., in 1988. Chrétien was a private citizen then, although just about everyone understood he was on suburban from politics. The golf course, now the focus of so much controversy, was being sold by Generalized-Teknor, the big pulp and paper producer then owned by Paul Desmarais's Power Corp. At the time of the sale, Chrétien also happened to be a director of Generalized-Teknor, but everyone involved knew the deal had to be a clean, anti-logits transaction. That's how Desmarais had chosen to sell and he was expected from someone like Chrétien, who clearly had more politics to play. So when the golf course sale came to a vote in the company boardroom, Chrétien stepped out of the room. He knew that appearance was important.

Or at least they thought so. In recent weeks, the Prime Minister has shown up appearances to the wind. The trigger has been a series of stories in the *National Post* chronicling how Chrétien, as prime minister, pushed the federal bureaucracy to grant loans to businesses in his riding under some dubious circumstances. The stories also raise serious questions about whether some of this money went to the Prime Minister's business acquaintances, with the effect of improving the value of the golf course.

Chrétien sold his interest in the club in 1993, the year he became prime minister and got all his business affairs in a blind man. But the deal fell through in 1996 and his interest is now looking for a new buyer. In one case, the *Post* asked whether a \$5.5-million government contract won by Shawinigan businessman Claude Gauthier in 1997 had anything to do with the fact that Gauthier had spent \$252,000 to buy a parcel of land from the company that owns and operates the golf course, thereby improving its balance sheet.

No, says an indignant Chrétien. Gauthier won the contract with the lowest bid. If

federal money went to his riding, it was only because he was doing his job as an MP, leading the bureaucracy to direct money into a place looking for jobs. Chrétien makes no apologies for sending to his riding's needs. Holding Shawinigan against the Bloc Québécois has been tough. But to play controversy politics so dangerously close to a situation in which arguably he retains some personal interest is to invite trouble. And it is undeniable to feel him to suggest his wishes carry no special weight. The *Post* announced one e-mail in which a bureaucrat was told by the Prime Minister's Office to "do everything that is legally possible" to ensure \$10 million went to another near-bankrupt company Chrétien was buying. Try being the civil servant to turn that down.

The *Post* serves as the cable for the money and nepotism blocking of Canada Black. British press. Chrétien has insisted the decision was based solely on principle, though it took his office some time to find and get the government policy against approving any foreign award that confers special privileges on an individual. Approve Black, Chrétien's advisers say, and soon you'll see more of the money-earned Canadian Establishment getting in touch of their fortunes.

But principle is in short supply here. Black and Chrétien are in a close fight. Black's friends say the decision was childish and vengeful. "Does Chrétien now think Gordon must write in every one of our papers?" asks one Black confidant. The Chrétien campaign howls that Black and the *Post* are out to get him. They call the paper a Reform party tool and speak derisively about the evils of too many papers in the hands of an irresponsible owner.

None of which looks good on Chrétien. Black does not have a reputation as a man of the people to uphold. But Chrétien, to the original golf club deal showed, has always known the value of appearances. One wonders why he's making that no good

Canada Notes



Nurses on the picket lines

As last-minute negotiations failed, Quebec nurses began an illegal general strike on the weekend. Money is the main issue: the nurses are seeking an immediate pay increase of 3.5 per cent followed by 4.5 per cent annually over the next two years. The government is offering five per cent over three years, and Health Minister Pauline Marois promised tough government sanctions against the strikers.

'The worst possible breach of trust'

Thomas Dewald of Leamington, Ont., was sentenced to 23 years in jail before the chance of parole for the murder of his 12-year-old son, Christopher, and daughter Jennifer, 10. In passing sentence, Judge Gordon Thomson of the Ontario Court ordered a joint recommendation by the defence and the Crown that Dewald, 36, be eligible for parole after 12 years. "A parent murdering their children is the worst possible breach of trust," Thomson said. "By doing so they have taken the very life that they created. The public would be appalled if I stated this particular crime as something worthy of

the lowest end of the range."

Dewald drowned his children at a Lake Erie beach in 1998, claiming their deaths were an accident that occurred while he was asleep in a lawn chair. During his trial, the court heard that he killed them in an attempt to save back his former girlfriend, Tina Martin, because she had tried to end their relationship by telling him she did not enjoy the company of his daughter. After the death of the children, Martin became suspicious and worked with the police to try to get Dewald to admit to the crime. He eventually confessed to her and to the police.

A guilty plea in Binghamton

Dave Sapich, the former NDP cabinet minister at the centre of British Columbia's Binghamton scandal, pleaded guilty to fraud and running an illegal lottery scheme. Under the scam, more than \$1 million was funnelled from charity bingo to provincial NDP coffers. Former partner Mike Hinchey, who was not personally implicated in the scheme, was found to co-sign over the scandal in 1996.

Violence in court

A divorce hearing at Montreal's provincial courthouse was disrupted when the 50-year-old husband allegedly pulled a knife and injured five people, including his wife. It was the second violent incident in two weeks in Quebec involving estranged couples. In June, Ginette Rago, 42, was shot dead after seeking refuge at a woman's shelter. Her husband has been charged with murder.

A question of lifestyle

The Roman Catholic Church announced the closure of the Immaculate School in Fort St. John, 790 km north of Vancouver, after a dispute with teachers negotiating their first unionized contract. The church was running on a so-called catholicity clause that would give it the right to fire or discipline teachers whose lifestyles deviated from Catholic teachings.

Cigarettes and kids

According to Health Canada, four out of 10 teenagers in Canada are illegally selling cigarettes to minors. Newfoundland had the highest rate of compliance—88 per cent of surveyed stores—with federal regulations that prohibit the sale of cigarettes to those under 18. New Brunswick's 61-per-cent rate of compliance was the lowest.

No shuffle—yet

Prime Minister Jean Chrétien put an end to speculation about a cabinet shuffle by ruling out changes until late summer or fall. "I have no idea why he wouldn't do it now," said one surprised Liberal insider. "I would think he would want people to have the summer to get briefed up."

A Dangerous Peace

Amid rising lawlessness, Canadian troops in Kosovo are striving to keep order

By Barry Cunniff in Pristina

Even in the dead of night, Lt. Det. Derek Clements (top left) talks, clear across the rolling hills of central Kosovo. It is one of the reasons why he—and the Canadians under his command—are so valued by the other soldiers perched atop the hill above the riverine town of Shtajpe. They are a mixed contingent, a platoon of Irish Guards, reinforced by a troop of Lord Strathcona's Horse Regiment. The Guards provide the muscle; but it is the Strathconas' 10 troops, who are the unit's eyes. Eyes so powerful they can spot, as they did last week, a distant band of marauding looters at 3 in the morning, watch them break into a house in the valley below, then arrive in time to nab them in the act. "What those guys did not know," says the young lieutenant from North Bay, Ont., with just a touch of glow, "is that the Strathconas can see in the dark."

Chambers, 25, delivers the remark with a good tramp upon the armored hull of the vehicle that makes it all possible. It is the Coyote, a tough and mobile package of technological warfare that is five transforming Canada's Strathconas into the lions of war among NATO's military peacekeepers in Kosovo. On active duty for the first time anywhere, the Canadians' elite Coyote has become "a much sought-after piece of kit," says Capt. Mark Connolly, second-in-command of the Edmonton-based reconnaissance squadron. "If the commander wants to put eyes somewhere, he sends us." Like



A member of the Strathconas' armor lineers in Pristina. He's been pretty busy!

any other weapon in the arsenal of modern warfare, the eight-wheeled Coyote can spit fire via grenade launchers, two machine-guns and a 25-mm cannon. But the real secret of its burgeoning success amid the rubble-strewn devastation of Kosovo lies elsewhere, in what Connolly describes as its "advanced surveillance capabilities."

"It's all right up there," says Clements, pointing to the telescoping tower that runs 10 m above the tail end of one of the three Coyotes under his command on the hill overlooking Shtajpe. The top of this nose-bulge with electronic gadgetry—a "intelligence suite" in military jargon. What it contains is a 360-degree radar that can track targets 20 km away and two cameras, each with a 20-km range. One of the cameras is for daytime use, the other a thermal-imaging device for the night. It was the thermal camera that caught the thieves, Albanians, who were looting homes deserted by fleeing Serbs. "It's an invaluable tool," says Chambers, "especially in an environment like this." He cuts a look at the town below and the red-roofed villages scattered across the valley's foot, a network of explosively intermingled Albanian and Serb communities lying roughly halfway between the Kosovo capital of Pristina and the city of Pezom in the province's northwest. "There's no law and order at all times there," he continues. "What we're really doing here is police work as much as it is soldiering."

Few of the other units and command agencies in NATO's Kosovo Implementation Force, better known as KFOR, would dispute that observation. There are 22,000 KFOR troops currently in the province, a figure that will more than double over the coming weeks. And in those forces spread out across Kosovo's rugged landscape, they are increasingly finding themselves confronted by a novel twist in the relatively modern art of military peacekeeping. "The challenge here is new and difficult," says Col. Mike Ward, overall commander of Canada's 800-member KFOR contingent. "There's no green line to patrol. We're not separating warring communities the way we have been in past peacekeeping missions—Bosnia, Cyprus, places like that. In Kosovo, we're right in the middle of two warring communities. What we have to do is get down into those communities, put soldiers on the street corners, get to

The Coyote howls

The high-tech capabilities of Canada's Coyote light armored reconnaissance vehicles have impressed other armed forces in Kosovo. Ottawa has sent 17 of its 203-strong fleet, built by General Motors in London, Ont., for \$804 million and delivered last year. Key specs:

Equipment: state-of-the-art night and day surveillance system involving cameras, radar, thermal imaging and laser range-finders
Crew: three or four **Weight:** 14.4 tonnes
Length: 6.39 m **Maximum speed:** 100 km/h
Weapons: one 25-mm cannon, two 7.62-mm machine-guns, eight smoke-grenade launchers



know the local people. It really is a police-man job."

A perilous one at that, in KFOR's soldiers and airmen take up positions in Kosovo, remnants of ethnic Albanian refugees are coming home, flooding back in what Paul Ghedira, the UN High Commissioner for Refugees' office describes as "the largest spontaneous return we have seen in the last 25 years." On a single day last week, 68,000 Kosovo Albanians crossed the border into the province from Macedonia, Albania and Montenegro. As the returning refugees stand upon the full extent of the havoc that has been wreaked upon their homes and relatives by the Yugoslav military police and militias, some have vented their anger in vengeance. Killings are on the upswing—there were 14 in Pristina alone last Thursday and Friday—such almost all of the victims local Serbs.

It is precisely the kind of atmosphere that demands surveillance, especially when night falls. With their electronic monitoring capability, attached to the British base, the Strathmoor 17 Coyotes have rarely been given a one-size-fits-all mission. On June 12, in KFOR's winged. The professed mission is to keep one group—five Coyotes—to receive," says Capt. Connolly. "There have been plenty of occasions over the last couple of weeks when we've had all three groups out at the same time." Things are much the same for the squadron's other main asset, in 15 Bessie assault vehicles, the troop-carrying version of the Coyote. The Strathmoor in their Coyotes and Besses were the first KFOR units to take over the central Kosovo town of Glogovc, soon to be the forward headquarters of the Canadian or French 488 Tactical



Helicopter Squadron. They were first to push north to the Serbian border, beyond the frontier town of Podujevo in the northeast of the province. When KFOR's British commander, Lt.-Gen. Sir Michael Jackson, wanted a unit last week at Pristina University, where three Serbs were harassed and shot to death, it was the Strathmoor reconnaissance squadron that he called upon. And last Friday, it was the Strathmoor again who were ordered to help rescue 166 mistreated ethnic Albanian prisoners held in Pristina after they had been fired, mistreated and complaining of beatings, from jets inside Serbia. The Canadians also provided the capital and armed forces. "It's been pretty hectic," admits Connolly. "We certainly can't complain about the lack of things to do."

In their distinctive black berets, the Strathmoor may be Canada's most visible presence on the streets of central Kosovo's cities, towns and villages. There are currently 183 of them in the reconnaissance squadron that is attached to Britain's 4th Armoured Brigade, assigned to making—and managing—the peace in the province's central zone around the capital city. Like the rest of the Canadians in KFOR, they fall under Col. Wirth's command. Unlike the other Canadians,

An ethnic Albanian woman walks past Serb houses burning in the night, waiting the bomb in Urosvac, a day ahead.

however, they are under the operational control of the British general in charge of the 4th Air. "We're an asset that is at the disposal of the hapless," explains Maj. Paul Fleury, the squadron's commanding officer, as he stands amid a scene of utter devastation.

It is the base camp the Strathmoor share with the British, situated west of Pristina in what used to be a sprawling Yugoslav army barracks, a police target during NATO's bombing campaign. There are dozens of buildings on the site, every one a mixed mess of blasted steel and concrete. Mainfields and parking bays craters litter the place, each carefully marked by white caps. There are potential booby traps everywhere—an abandoned Serb helmet full of water, a soccer ball with hanging in a wall, an officer's gold-banded cap lying within tantalizing reach of a passby. "It's pretty, isn't it?" remarks Wirth. Officer Black Legger, catching a visitor's contemplation, says: "That's what you're looking for."

If the Strathmoor are Canada's spearhead in Kosovo, they are not the country's only troops in the region. There are, in fact, 171 airmen from the air force's 408 helicopter squadron, about 100 engineers from the army's 1st Combat Engineering Regiment and another 250 headquarters, logistical and support troops. Within a month or so, the number will swell to 1,300 with the scheduled arrival of a 500-member battle group drawn from an Edmonton-based unit of the Princess Patricia's Canadian Light Infantry, complete with four Leopard heavy tanks. Unlike the Strathmoor, the PPCLI troops will operate under Col. Wirth's direct command, most probably in a Canadian role carved out of the British-led operations in central Kosovo. "That's what we'll like to see," says Wirth. "We're going to be called upon to perform a quasi police role, then we have to get on intimate terms with the military and the people in it."

Precisely where that proposed Canadian role will be remains to be decided. But the most likely area lies west of Pristina, around the town of Glogovc. The air force's 408 squadron is already in the process of establishing a forward base on an abandoned airstrip just south of the town. Once the main elements from the combat engineers have swept the airfield, the 488's eight Griffin helicopters will move from their current location at Skopje's civilian airport in Macedonia into Kosovo itself. "The place is ideal for us," says Col. Bruce McQuade, the helicopter squadron's commander. "It's seven minutes flying time from Pristina, almost track in the middle of the beach area."

The 408's Griffons, like the Strathmoor's Coyotes, are another piece of Canadian-manufactured high-tech gear much



in demand in Kosovo, and for many of the same reasons. "It's partly psychological," explains McQuade, standing in various mud on the edge of Skopje's airport, watching a pair of Griffons lift off for yet another mission into Kosovo. "A helicopter hovering overhead can be pretty intimidating." As important, the Griffons are equipped for night duty. Each carries a forward-looking infrared sensor pod—a FLIR in military jargon—as well as flares to direct heat-seeking missiles and jammers to suppress the heat signature of the helicopter's own engines. "The British pair [the 1st Parasites Regiment] want us to fly night surveillance missions over Pristina to help keep the lid on things," says McQuade. "We haven't flown any yet but we probably be doing that pretty soon." Police work, in short—the kind of tasks the Griffons are already doing in daylight.

It is Capt. Neil Thomson, co-pilot and navigator of the Griffin solo-manned Freedom 902, who first senses the track, suspiciously bumping across the field a few meters flying time south of Pristina. The headset crackles with his voice: "Looks like UCK," he says, using the Albanian abbreviation for the Kosovo Liberation Army. "Better take her down to have a closer look."

"Roger," replies the pilot, Capt. Charles Stoen, as he suddenly raises Freedom 902 into a steep climb. Master Sgt. Wayne Gillman, the Griffin's engineer, quickly slides open a side door, loads a round into the firing chamber of the 7.62-mm machine-gun in the bay and inserts the weapon on iron

The real problem is the simmering hatred the war has spawned, and the thirst for revenge

it on the pickup made below. "Hope they don't take a shot at us," he chides him on the headset.

Freedom 902 circles and sweeps down, almost to ground level, passing up low beside the track that the startled copilot on the driver's face is clearly visible. As in the height and path with the black eagle on the shoulder of his camouflage flight suit. "Yep," says pilot Stoen. "UCK all right." Better late, co-pilot Thomson scribbles the co-ordinates of the location on a map resting on his knees. Stoen circles the track once more to make the KFOR presence felt. The driver and his passengers follow below the helicopter with upturned, concerned faces. Then Freedom 902 lies dormant, bound once again into a heading due south for Macedonia, beyond the steep, heavily forested mountains that lie directly ahead.

Occasionally, Freedom 902 descends, dipping into one of those ambush-chasing bays, to explore what from a distance

The Canadian Force



Canada currently has 800 soldiers in Kosovo and Macedonia, with another 500 due by early August. All but a few headquarters staff are from CFB Edmonton. A mounted breakdown:

PRISTINA
200 Land
Strathmoor's
Home Regiment

Duties: Reconnaissance

350 1 Combat
Engineering
Regiment
Duties: Landmine
clearing,
reconstruction

GLOGOVAC
500 408 Tactical
Helicopter
Squadron

Duties: Airborne
missions, using
eight Griffin
helicopters

SKOPJE
250 Headquarters
headquarters
Duties: Overall

co-ordination
under Canadian
commander
Col. Mike Ward

ON THE WAY
500 Princess
Patricia's Canadian
Light Infantry
Duties: Additional
personnel, with
the help of four
Leopard tanks

appears to be heavy weaponry abandoned by the departing Yugoslav forces. Not far from where Stives loaded the KLA truck, there is a tank. On closer inspection, it turns out to be a fake, constructed of plywood. One of the many dozens of ruses fabricated by the Yugoslavs to draw NATO bombs and missiles away from the real thing. Further along, there is a field dotted with artillery pieces. The Griffin sweeps down. "Fake," mutters Stives, while Thomson scans the co-ordinates of what are nothing more than wooden poles upon wooden tripods, painted grey. Still, in this case, the real action has worked. The field with the fake guns is peppered with bombs and missile (grenades).

The (area of) damaged and abandoned Yugoslav weapons is clearly one that preoccupies the Canadian soldiers, as it does many of KFOR's other national contingents. Back in Skopje, 498th commander McQuade reveals that NATO headquarters is continually penetrating his plots for data on the type, location and damage inflicted on abandoned Yugoslav armour and artillery. "G2 [intelligence] wants any scrap of information we can turn up," he says. "So far, we haven't lost much."

While KFOR officers will not comment publicly, the concern is headquarters may well have something to do with allegations that NATO has engineered the extent of the damage inflicted by the air campaign. As the bombing drew to a close, senior NATO officials reportedly asserted that the alliance had destroyed hundreds of pieces of heavy weaponry. British Foreign Secretary Robin Cook said the House of Commons at one point that 160 Yugoslav tanks had been knocked out of action.

There is no evidence on the ground in Kosovo that there are damaged. During a three-day tour of much of central Kosovo last week, *Maclean's* came across a single destroyed Yugoslav T-55 tank, lying beside a road north of the town of Malisheva in the Drivaca valley, a hub of KLA activity during the war. And even in the suburban Freedom 90A, the only vehicle seen left in the wake of the Yugoslavs were the wooden tanks.

The Yugoslav presence once was massive, as Capt. Dale Chesmeron of the Saskatchewan unit. The 25-year-old officer, originally from Radisson, N.H., remembers leading the first KFOR contingent into the town of Glogovac on June 15. "We ran right into a [Yugoslav Army] column," he recalls during a break from his duties in one of the Sarajevo's roadside concrete posts. "I don't know how



Wind (right) waits an opportunity, aiming for a Canadian zone of operation.

many troops there were, but I counted 127 vehicles in the column, with maybe as many as 75 T-55 tanks. It was really phenomenal. I kept wondering to myself 'Where have all these guys been hiding?'

A good question, one that has yet to be fully answered. But if the Yugoslavs left few signs of their military assets behind, those in place of evidence of the devastation wrought by Serbia's forces from the air, almost anywhere in Kosovo, it is clearly simple. Serbian and Albanian towns or villages, even aside from the characteristic presence of Serbian-owned homes and Albanian minarets. The Serb villages, with their red-tiled roofs and white-walled cottages, are all in near-pristine condition. The Albanian communities have the same red roofs and white walls, but there are gaping holes in the broken tiles and the walls are blackened with smoke.

There is, as well, another legacy, one that is likely to prove a far more intractable problem. It is the answering but not the past few months have spawned, and the those far longer. (Diyet Haydari) is a case in point. The 56-year-old primary school principal returned home last week to his modest apartment in Pristina. He, his wife and their three teenage daughters had spent the past two months in a refugee camp in Macedonia. They turned up in the Kosovo capital to find their home in shambles. The door had been kicked in, a dagger stuck in the mangled English across it. "Welcome to hell," it said. Inside, the walls were completely covered in fast Serbian-language graffiti, crude cartoons of children with long, bloody noses and mutilated genitals and NATO symbols. The cartoon and furniture had been slashed with knives, the carpets smeared with what seemed to be excrement. All of the clothes inside the closet had been shredded. "What kind of people would do something like that?" moaned Haydari's 16-year-old daughter, Enxhona, close to tears. Then her face clouded with anger as she spat, "Serbs!"

It is something that KFOR's troops are grappling with—on both sides of the international divide, as it is now the Serbs who are on the receiving end of the abuse. All of KFOR's many national contingents were confronting the problem last week. French paratroopers were hastily keeping the lid on a situation in the divided city of Kosovar Mitrovica in the north. U.S. Marines shot and killed two civilians in the southeastern city of Glogovac. German troops in Pristina were also involved in fatal clashes, in west British contingents in Pristina. No Kosovo either Albanian or Serb, had yet died at the hands of Canada's soldiers. But a ray will happen. For the Canadians, like all the other soldiers in KFOR, are certain to be pursuing Kosovo's uneasy peace for years to come. ■

To Stay or to Go?

By Tom Fennell at CFB Borden

Habibe Mehmeti tried to talk briefly, but the tears that slowly trickled from the corners of her brown eyes revealed a tragic past and an uncertain future. Like the rest of her fellow Kosovo refugees sheltered 90 miles north of Toronto at CFB Borden, Mehmeti, 43, must soon make a critical decision: to return to the security of Canada or return to the war-torn Kosovo province and begin life there again. Mehmeti and her badly dark-haired husband, Adem, 45, were flown to a makeshift refugee camp in Macedonia. As Adem gazed at a glass of orange juice with his hands on a restaurant on the base, he said he is desperate to see what remains of his home and village in southern Kosovo, but he is not quite ready to rush back. "The war isn't finished," he said. "The guns are not quiet."

Today one of 10,000 Kosovo refugees there is only one moment— they must leave. "We didn't come here for fun," said Paul Hassan, 56, a former factory worker who is also housed at Borden. "We were forced out of Kosovo." But even displaced refugees like Hassan may not be going home anytime soon. The UN High Commissioner for Refugees, the office that organized the influx of 83,000 Kosovans to 30 countries around the world to ease overcrowding in the refugee camps, wants them to stay put and peace is firmly established. "Priority will be given to those refugees returning from neighbouring countries," said Andre Van Gendesteen Srut, a UNHCR spokeswoman in Skopje, Macedonia. "Refugees in third countries will be the last to return."

Every day, thousands of Kosovo refugees in the Balkans state they want to go home from the camps, despite the pleas of their stay. Many in Canada have already phoned the United Nations office in Ottawa demanding to know when they can return. Van Gendesteen Srut said the refugees could all be home in six months, even until spring. Other Western nations in Skopje, however, and top-level UN officials believe all refugees in neighbouring countries could be back as soon as the end of July, which may prove up the serious repression. As soon as he gets the green light, Hassan will be on the first available plane home. "I had a job and a good life in Kosovo," he said. "Why shouldn't I go back?"

While Hassan waits, Ottawa is pushing ahead with its plan to transfer the refugees from military bases in Ontario and the Maritimes into communities across Canada. Last week, only 322 refugees had been moved, but the remainder

are scheduled to leave the bases by July 31. The Red Cross is helping organize the resettlement, and John McNeill, the organization's director of disaster relief, said that even though enough sponsors have been found to accommodate the refugees, he expects that many will still want to return. "They are overwhelmed by the generosity," said McNeill, "but there are quite a few folks who are anxious to go home."

Until they leave, the refugees at Borden fill their hours attending English classes and learning about Canada. They also spend hours monitoring television and the Internet for Kosovo news. Even passing the day on the broad sandy beaches of nearby Georgian Bay cannot dull their desire to return. "I think I must go back," said Nezir Roka, a weary 19-



Kosovo refugees in Canada will have to wait to return home

Habibe (centre) and Adem Mehmeti wait with their children while Kosovo in the Balkans remains hot, they cannot go the least piece from refugee officials

year-old who says he heard gunfire on the streets of Pristina for 500 a day. "Everything is burned up and I think many of my friends may be killed," said Roka, "but I just want to see Kosovo as it used to be before the bombs."

Among those who stay, many will likely already have family in Canada. Petrus Kadar, 31, managed to escape Canada with his wife, Karmine, 29, years after NATO launched its bombing campaign in her home. His parents were leaving his brother in Kosovo at the time, and now all four must decide if they will remain in Canada.

Kadar, who is a veterinarian, is leaving, unsure saying. The couple had spent an apartment in Toronto, and Kadar, a journalist, is expecting their first child in two months. He wants to remain so that his child can be born in Canada and receive proper medical care. "It's getting better and better," he says of life in Canada. But Kadar still would like to return— "if only for a while. "I would like to know," he says, "what is going on with my house and my job." That is a painful question that almost every refugee eagerly wants to answer.

With Jim McNeil in London

'We're right in the middle of two warring communities'

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There will be no 'new era'

Bill Clinton took a victory lap through the Balkans last week, and who could blame him? After enduring an end of criticism for the conflict of

NATO's Kosovo campaign, the President landed in the applause of the people it was ostensibly all about—the Kosovo Albanians driven from their homeland by Serbs. In Mitrovica, he walked and hugged his way through a refugee camp. "We lost him a lot," a refugee insisted. Regis Hanicki told reporters, "Because he just got tired of being a war."

"Sent off" tired out? Actually, no. Whenever NATO accomplished an 11-week campaign, the tragedy is that a decade did not save Mitrovica and his compatriots from a war. History says it is winners by the winners—and so it is

its bombing and provided warlike weeks, not months, courtesy to the confident prediction of post about every self-proclaimed expert. As it turned out, it was NATO that was engaged in what the late historian Barbara Tuchman famously dubbed the "march of folly." It was Mitrovica—who has lost yet another slice of his rapidly shrinking country.

In the flash of victory, NATO leaders are hailing the Kosovo campaign as an entirely new kind of warfare, one fought not for victory or national interest but for values. Britain's Tony Blair, principal architect of this view, argues that it augurs "a

new millennium where dictators know that they cannot get away with ethnic cleansing or repression their people with impunity." Is this a model, then, for international humanitarian action in other places where one people has its foot on the throat of another—East Timor, say, or Chechnya or half a dozen places in Africa? No again.

The reality is that this Kosovo was no insurance for the West that the likelihood of such action being repeated approaches zero.

Even at Blair and others proclaiming new global values, they are busy spelling out stringent criteria for any Kosovo campaign. There would have to be a compelling, moral purpose—like stopping blatant ethnic cleansing. It would have to be on a place strategically important to the West. And the countries involved would have to be able to deploy their forces effectively and not face significant casualties.

The New York Times, pondering all this, concludes that "the combination will be rare outside Europe." Rare, in this context, means non-existent.

Put more bluntly, it means the Kosovo model applies to, well, Kosovo—and nowhere else. Aside from Mitrovica, Europe is blessedly free of genocides. Politically, the 20th century was for Europe in June, 1914, when an assassination in Sarajevo led to the war that led to the First World War. It ended in June, 1919, when the last remains of the world shattered by that conflagration were finally subdued. Seen in that light, NATO's Kosovo war was not the start of a new era of humanitarian violence. It was, rather, something more prosaic: Europe's last piece of unfinished business before it turns the page on its bloodiest century.



Clinton in Mitrovica, Kosovo

With the benefit of hindsight, that's when the Serbs lost the fight. At the time, knowledgeable commentators opined that Mitrovica would be despite the pushovers inflicted on his country from 15,000 feet up, he was well on the way, they said, to ethnically cleansing Kosovo. In fact, it was precisely the terms of desperate refugees, as refugees of the darker Europe of half a century ago, that galvanized Western opinion. Faced with those horrors, the alliance's 19 members did the

unthinkable and actually stuck together. Incredibly, their de facto leader, Clinton, did not care when the going got tough. NATO escalated

Brighton bomber freed

IRA bomber Patrick Magee, who came close to killing former British prime minister Margaret Thatcher in a 1984 attack, was freed from jail under Northern Ireland's peace pact. Magee, whose band killed five people when it tipped through a hotel where Thatcher and senior ministers were staying in the English seaside resort of Brighton, was the 27th of 36 guerrillas released under one of the accord's most contentious sections. In Belfast, Britain and Ireland reported progress in all-party talks to put the scaled peace pact into effect.

Hong Kong turnaround

China's preference "interposed" a ruling on currency rights by Hong Kong's top court that could have allowed up to 1.7 million mainland people to enter the enclave. Fearing a deluge of immigrants, the Hong Kong government had asked for the Beijing decision, citing a provision of the territory's basic constitution. But critics said the move had damaged faith in the rule of law.

Berlin Holocaust memorial

After 10 years of argument, the German parliament backed a U.S. design for a massive monument in Berlin to the Holocaust's six million Jewish victims. Jewish groups applauded the design by U.S. architect Peter Eisenman that cringes a giant mass of 2,700 pillars resembling a huge graveyard.

Korbait 'sex-slave' claim

Olympic gold-medal gymnast Olga Korbait accused her former coach of turning her into a "sex slave" and beating her during the 30 years they worked together. Ronald Korbait, now 67, who coached Korbait to three gold medals for the Soviet Union in the 1972 Munich Olympics, called the charge "100-per-cent absurd" and said he was just trying to publicize her new interests. Korbait, 46, is now a gymnastics coach in Atlanta.

Timor vote postponed

UN Secretary General Kofi Annan said on Aug. 5 vote on East Timor independence would be put off until later than month due to security concerns. Tensions have run high over the referendum, which will ask residents to choose between independence and autonomy within Indonesia, which has annexed the former Portuguese colony in 1975.



A tough Israeli counterpunch

Syria seldom impact a destroyed bridge in Lebanon after Israel launched its heaviest air strikes in three years. Outgoing Prime Minister Shimon Peres ordered the strike, which left at least nine dead in retaliation for cross-border rocket attacks by Hizbullah guerrillas that killed two Israelis. The strikes underscored a new mood of wariness between Syria, Lebanon's protector, and Netanyahu's successor, Ehud Barak.

The case of the stolen billions

A U.S. financier has disappeared along with up to \$3 billion (U.S.) as what may be the largest investment scam ever. Martin Franklin, 44, has not been seen since May 5, when a few destroyed documents on his mission in Greenwich, Conn. The FBI believes he killed 11 insurance companies over eight years by skimming off money from \$14 billion (U.S.) in stock trades they ran through his securities firm. He also persuaded a Catholic charity to invest nearly \$2 billion with him. Among Franklin's efforts, police found an astrological chart asking: "Will I get caught?" The top item on his to-do list was "launder money."

Hunting the 'railway killer'

The FBI was searching for an alleged serial killer who has apparently murdered the United States.

on freight train. Mexican defector Rafael Ramirez-Barrera is wanted in connection with the brutal deaths near railroad tracks of at least eight people in three states, but managed to escape an international manhunt after he sponsored the United States, Canada



Ramirez-Barrera, Canadian defector

and Mexico. Among the victims of the so-called railway killer are a woman and his wife who were bludgeoned to death in Wenatchee, Tex., and a 73-year-old woman who was raped and murdered with a pickup 140 km west of Houston. The FBI asked this

RCMP to be on the lookout for the fugitive, but would not confirm reports that he has relatives in Quebec. U.S. immigration officials disclosed they had detained him on June 1, but simply deported him to Mexico. Four of the murders occurred afterward.

Trimark Plots a Comeback Course

With a star portfolio manager, the fund company strives to regain bygone billions. But has it changed more than its face?

By Ross Lerner

His office on the 36th floor of Canada's tallest skyscraper overlooks Bay Street and the Toronto waterfront, but when Fred Budek takes a break from his paperwork he generally profits the view in the opposite direction. There, near to the dock, is a 300-gallon salt-water aquarium filled with exotic, brightly colored fish and Caribbean coral. "Whenever I find a moment, all I have to do is look in there," says Budek, 41, the recently appointed chief operating officer of Trimark Financial Corp., Canada's fourth-largest mutual fund company.

Budek has had plenty of reason to feel stressed lately. For more than a year, unhappy investors have been pulling money out of Trimark's mutual funds in hopes of earning higher returns elsewhere. The flurry of redemptions, brought on by the poor performance of Trimark's flagship equity funds in late 1997 and 1998, has rattled the company's once-lustrous image and hammered its shares, which fetched \$18.10 at last week's close compared with an all-time high of \$42.25 in August 1997. Trimark's assets under management, meanwhile, have fallen to \$24 billion from \$29.2 billion in March, 1998, a significant setback in a period in which most of its peers' assets have grown steadily. "Management is a funny thing," says Budek, comparing the company's recent trials with its past record of success. "Sometimes you keep it for too long, but when you lose it, getting it back is tough."

At Trimark's annual general meeting this week in Toronto, Budek and other executives are sure to face questions from dissatisfied shareholders and fund investors. In response, they will outline some of the recent changes at Trimark, a series of moves that add up to a sweeping reorganization of the company's investment management team. In February, Trimark announced the sudden departure of Vito Maida, its head Canadian equity manager, for what is described as a "hone of absence." "Vito has recently sold funds that he has owned for years to Trimark and is thinking about launching his own investment firm," Maida's notice here since been split up and handed to three new money management teams, each of which reports to Trimark chairman and CEO Bob Kozubik.

Earlier this year, Trimark also embarked on a high-profile recruiting drive intended to boost the performance of its Canadian stock funds. In April, the firm hired money manager

Heather Hunter from her senior post at the country's biggest pension fund, the Ontario Teachers' Pension Plan. Only weeks later, Trimark scored another coup by snaking senior manager Bill Kozak from rival Macleod's Financial Corp., Canada's third-largest mutual fund company. Industry observers were quick to note as many Kozak's former boss, Macleod's CEO Jim Haines is Hunter's husband. Budek insists the timing was coincidental. "Obviously, Heather does what she wants, and I would imagine that Jim would have said congratulations to her on joining a great company."

The most recent sign Trimark's attempted rejuvenation is in some ways the most aggressive—the decision to launch two new Canadian equity funds under the control of an independent management firm, Toronto-based C. A. Delaney Capital Management Ltd. This is the first time in Trimark's 18-year history that it has turned to an outside Canadian portfolio manager, and the new firm obviously did not come cheaply. Its founder, Catherine (Kiki) Delaney, is one of the best-known fund managers in the country, thanks in part to her appearance in a series of television ads paid for by her previous client, Spectra United Mutual Funds Inc. Delaney and her partner, Lynn Miller, managed more than \$2 billion for Spectra, sufficient to guarantee as much as \$4 million a year in fees for Delaney's firm. Analysts believe the company has been guaranteed at least as much from Trimark, although neither side will discuss the details.

It's clear that a lot is riding on Delaney's shoulder. "Kiki has a personality and an excellent track record, and she's been around this business forever," says Budek, adding that Trimark has tried several times over the years to hire Delaney as a portfolio manager. Delaney says she is delighted to be joining Trimark. "It's a small organization,



Delaney, Trimark is banking on her high profile and experience

18 people, so to be able to tap into them is valuable to us." Since the middle of June, Delaney and Kozak have been touring the country, meeting independent financial advisers—the men and women who sell Trimark funds to investors—and trying to drum up excitement for the new funds. But not everyone is impressed. "One thing for sure—they've paid a fortune to get this woman," said one disgruntled fund analyst, who asked not to be named. "It's pure cosmetics because she's not

selling cars, looks good on TV and has a catchy first name." A longtime supporter of Trimark, he was disappointed by the departure of Maida. "Vito was the successful fund, but it was all just optics because the new guys aren't really doing anything different."

A common criticism of Trimark's strategy, in fact, is that there is little to differentiate its new funds from the old ones. All of the fund managers, including Delaney, can loosely be described as value investors, meaning they invest in companies whose shares are undervalued relative to the market. Unfortunately for Trimark, value investing has been out of favor during the recent bull market. Instead, the big returns have been chalked up by managers who adhere to a growth or "momentum" style, investing in companies whose shares may already be fairly priced—or even overpriced—but whose revenues are growing rapidly. Another popular investment style is sector rotation, shifting from one sector of the economy to another in response to broad economic trends.

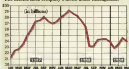
When Macleod's Financial suffered a period of poor performance in the early 1990s, the company responded by acquiring and launching two new fund families with distinctive investment styles. As a result, investors who are unhappy with their returns can opt for a different style without having to withdraw their money from Macleod's and pay a hefty redemption fee. Previously, many financial advisers were to know why Trimark has not adopted a similar approach. "They had dealers telling them as early as 1996 that they needed some distinctive strategies and investment styles," says one industry veteran. "They should have acted sooner."

Budek agrees this criticism, saying the company did not want to rush to embrace a strategy it might later regret. "We don't want to be the Hines 57 of the investment community," he says. "People may at times not like our style, but they sure know what we are." Budek, he adds, Trimark's approach has been vindicated by recent market trends. Buoyed by a recovery in natural resource stocks, for example, the \$4-billion Trimark Select Canadian Growth Fund has gained 13 per cent so far this year, compared with a loss of 6.5 per cent in 1998. The smaller Trimark Canadian Fund has gained 14 per cent so far in 1999 after losing 6.1 per cent last year.

If the recent holds, it likely won't be long before Trimark starts the flow of mutual fund redemptions that Budek knows is well to sidestep. That stream can be fickle. "One of the things we've learned over the past year is that investors are far less focused on the long term than they were five to 10 years ago. In fact, the thing that most investors today is searching for is 30 minutes." No wonder he likes looking at those fish. ■

Trimark's ups and downs

The mutual fund company's assets under management



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Deirdre McMurdy

Sizing up the unseen

It has long been held that seeing is believing. But in stock markets, it is increasingly true that the most significant value lies in what investors cannot see. A growing number of companies now have rich portfolios of intangible assets—such as brand names, software, franchise rights or research projects—which are not included on their balance sheets. It is only very recently that these assets have begun to be reflected in share prices.

Gradually, the proliferation of high-technology and service-sector stocks has started to change the way investors evaluate corporate worth. At the same time, that is pushing companies to find ways to attach hidden treasures and capitalize on their value. "Investors are slowly starting to realize they must quantify the intangibles," says Harvey Cohen, a finance associate with Toronto-based Lindquist Arvey Macdonald Baskerville Co. "In doing so, everyone is seeking a fresh angle or a new opportunity—they're learning how to seek them out."

Current accounting rules do not allow companies to tally up most intangibles on their balance sheets, so some firms provide an informal public summary and assessment of them. Among other elements, they may include information on the average age and education level of staff, details of spending on innovation, customer satisfaction or prospects for brand extension.

Because this valuation process tends to be "subjective rather than scientific," Rob Leachy, a partner in an analysis firm, James Securities of Toronto, warns that intangibles' credibility and track record become especially important. Whenever possible, he tries to talk to clients to get a sense of their relationship with the company in question. "It takes time and effort to value these situations," he says. "We're not manufacturing, where you just crunch the cost of a factory and return on capital."

That divergence between old and new economies was recently highlighted in two

Canadian business deals. When the National Bank of Canada acquired First Maritime, a part of the \$712-million price tag would likely have been determined by the bank's key sales and corporate finance employees and their clients. First Maritime's reputation and the attached goodwill would also have been factored in. By contrast, the move from Wyeth/Novartis Co. would have a relatively easy time valuing the \$5.6-billion tag on MacMillan Bloedel lumber mills, timber licenses and branded products.

The gap between old and new economies also surfaces in stock market valuations. Historically, investors have relied on price-earnings ratios to gauge the performance of equities. But the growing gap between negligible book values and inflated market values in Internet and other non-traditional stocks, such as advertising and marketing firms, suggests the established yardstick is becoming irrelevant. "With Internet plays, you aren't buying the old-fashioned earnings per share," states Cohen. "You're buying a chance to get in on the action."

One way that companies are helping investors in that quest is by opening off parts of divisions that emphasize intellectual property, technology or emerging markets, such as electronic commerce. Last week, Chaparral Inc. announced the sale of an equity stake in its fledgling online book-selling business to a California-based venture capital fund. An initial public offering of shares is expected in July.

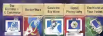
Last week, the Toronto Dominion Bank also issued such so-called "picking shares" when it took a chunk of its discount brokerage operations public. Mega International is planning a similar move this fall with its more "conceptual" investments, which include microtechs and European entertainment interests. Though all that, one thing is sure: those who understand the changing valuation game are sure to have their assets locked.

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At REI, one e-business infrastructure supports three customer functions. A premium store rich in added-value customer services, a discount outlet, and a growing Japanese unit. Behind the scenes, REI Net.Commerce and IBM Universal Database provide the foundation for these multiple storefronts.

Customer relationships are consistent across sales channels. Marketing tactics work with *Boundary Segments* from iLogic. Every site and every ad is exactly where it's supposed to be. If that sounds more like Marketing-speak than Geek-speak, you're exactly right. It's a difference that REI is taking to the bank. *Zero* quarter revenues 350% ahead of plan. Online purchases 4 times the size of in-store purchases. Site maintenance reduced from 40 hours a week to 4 hours.

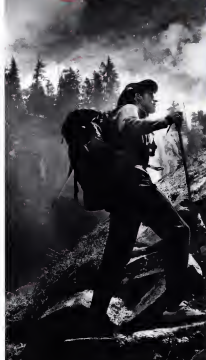
REI's results can be typical. REI e-business can sustain triple-digit traffic and revenue growth because the Web business is integrated with core operations from the start.

Complementary. The learning of 30,000 e-businesses. IBM software has helped thousands of companies build, run and manage powerful interactive e-commerce Web sites. To profit from REI online revenues and get our complementary e-business Roadmap, visit us at www.ibm.com/cib/ibm/e/roadmap.

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The Digital Revolution

The Business of E-Commerce

retail stores. By contrast, its online stores (<http://www.chapters.ca> and <http://www.chapters/indigo.com>) stock

400,000 titles for next-day shipment, and can order millions more. Through Internet merchants, the product selection urban shoppers take for granted is available to people in outlying areas, notes Michael Savelle, vice-president of the Electronic Commerce Council of Canada. "On the Internet, people can comparison-shop in ways they never were able to do before," he adds.

According to a survey by International Data Corp. (Canada) Ltd. (IDC Canada), 48 per cent of Canadian adults have access to the Internet through home, work or school. Twelve per cent of those made online purchases during 1998. The total value of their purchases — \$490 million — represented just 0.28 per cent of total retail purchases. But consumer spending over the Internet will increase to \$12.8 billion by 2003, predicts IDC Canada, at which time it will represent 4.8 per cent of consumer spending.

Given the fact that most online shoppers are classic "early adopters," it is no surprise that computer hardware and software are among the products most frequently purchased online. "That basket of goods is changing significantly to include other products such as books, music, travel, clothing, food and beauty supplies," notes Joe Greene, director of telecommunications and Internet research at IDC Canada.

What is behind the growth in e-commerce? "The Number 1 reason is convenience," says David Marcus, managing principal of IBM Canada Ltd.'s retail consumer consulting practice. Internet stores are always open, and you do not have to fight traffic to go shopping. The broader selection offered by online merchants is also attractive, Marcus adds.

For instance, the bookstore chain Chapters Inc. stocks 192,000 to 193,000 titles in its Chapters superstores and 10,000 at its Coles and Scribbooks

well stores. By contrast, its online stores (<http://www.chapters.ca> and <http://www.chapters/indigo.com>) stock 400,000 titles for next-day shipment, and can order millions more. Through Internet merchants, the product selection urban shoppers take for granted is available to people in outlying areas, notes Michael Savelle, vice-president of the Electronic Commerce Council of Canada. "On the Internet, people can comparison-shop in ways they never were able to do before," he adds.

Greene. "Canadians prefer to shop at Canadian sites," he comments. "The main reason is simply patriotism." But there are other advantages: being able to purchase in Canadian dollars, and avoiding cross-border hassles like customs charges.

The reason for the situation is simple, says Marcus. "There are very few Canadian companies offering products and services over the Internet. Canadian consumers are willing and able to shop this channel. Dollars are being lost to companies outside our borders."

Admittedly, it is not a huge number of dollars. In 1998, 4.8 per cent of Canadian adults made online purchases. Their spending over the Internet accounted for only 0.28 per cent of total consumer spending.

But IDC projects that by 2003, 27 per cent of Canadian adults will be shopping online, and e-commerce will account for almost five per cent of retail sales.

If Canadian companies wait too long, they could lose customers permanently to American competitors, Marcus says. "In Canada, we own our retail relationships today. We may lose those relationships."

Marcus advises Canadian companies to start making e-commerce plans now, because there is a lot more to it than just building a Web site. "The major challenge is execution of customer orders," he says. "Very few organizations have that fulfillment capability."

That does not necessarily mean building a warehouse and delivery infrastructure to deal with online orders. Services such as procurement, inventory warehousing, transaction clearing and delivery are all available from third parties, says Brian Myers, Internet solutions marketing manager at Compag Canada Inc.

Digital Fact

Half of the Canadians who buy online don't visit American merchants. Sixty-three percent of the dollars spent on the Internet by Canadian consumers flow to the United States.

Source: IDC Canada Ltd.

Border Wars

Most Canadian electronic purchases are made from U.S. merchants

The declining value of the loonie has helped curtail cross-border shopping expeditions by Canadians. But now the Internet is sending Canadians back to U.S. merchants, according to a study by IDC Canada.

"Fifty per cent of Canadians who shop online shop south of the border," says Greene. "Sixty-three per cent of the money being spent online by Canadian consumers is going south."

It doesn't have to be that way, says

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The Digital Revolution

Technical challenges include integrating e-conference systems with other computer systems, such as those used for accounting and inventory. Another technical challenge is scalability — making sure e-conference systems can keep running as customer volumes increase. "If customers have a bad experience, it's hard to get them back," Marcus notes. "On the Internet, you're a click away from a competitor."

Canadian companies who want to sell to consumers over the Internet should start small and grow, Marcus advises. "There should be a phased approach. Start by offering certain products and services. If you offer a full assortment, you have to be really geared up."

"It's still early days," Marcus adds. "It's definitely not late. But there has to be a certain urgency about electronic commerce by Canadian companies."

services, instead of downloading pages to your computer at a maximum speed of 53 kilobits per second, they pump information to your computer at 960 kilobits to 10 Megabits per second. The speed varies from company to company. Actual performance varies depending on the amount of traffic on the Internet between your service provider and the site you are trying to access and on how busy the site itself is. But most of the time, Web pages almost jump into your screen.

There are other advantages. Most high-speed services are always on, so you do not have to go through a long login procedure every time you want to get on the Net. Your e-mail software can be set to check for mail every few minutes, and notify you when you get a message.

David Watt, internet president of the Canadian Cable Television Association, estimates cable modem service is available to 75 per cent of Canadian homes served by cable. According to Watt, there are about 250,000 subscribers to cable modem Internet services. He predicts that the number will grow to 350,000 by the end of the year. Cost for these services ranges from \$39.95 to \$49.95 per month. Phone companies

Digital First

High-speed Internet access is available to three-quarters of Canadian homes with cable TV. By the end of the year, 350,000 Canadian households will be using cable modem Internet services. Source: Canadian Cable Television Association

use a technology called "Asymmetric Digital Subscriber Line" (ADSL) to deliver high-speed services. With ADSL, the same phone line can carry Internet and voice signals, so you can talk and surf at the same time. Prices range from \$39.95 to \$69.95 per month depending on the phone company. ADSL Internet access is offered by all of Canada's phone companies, although not at all the cities where they operate. Bell Canada, for instance, offers ADSL in the Toronto, Montreal and Ottawa areas, but not in other centres in Ontario and Quebec.



Say Cheese!

Digital photography offers immediacy and flexibility that you cannot get with film

Digital First

This year, 63,080 digital cameras will be sold in Canada compared with 55,000 units in 1999. The world wide digital camera market will grow from 4.7 million units in 1999 to 22 million in 2003. Source: Statistic Canada Inc., International Data Corporation

that, because making colour prints was too complicated for most amateurs.

Computers are rendering that fun. Digital cameras store images on electronic chips rather than photographic film, so you can transfer them to your computer right after you have finished shooting. You can alter your images with inexpensive photo-editing programs such as Adobe PhotoDeluxe, Corel PhotoPaint, MGI PhotoSuite or Microsoft Picture It!, performing tricks that shutterbugs of yore would not have dreamed of. You can brighten up a dull picture, remove red-eye, combine multiple images into one, add text and apply all sorts of weird and wonderful effects.

When you are done, you can print your image, or incorporate it into a newsletter or greeting card. Inexpensive colour printers from Canon, Epson, Hewlett-Packard



Alpha's ePhoto Q350

and Leica make produce results that rival photographic prints in quality. You can even e-mail your digital pic to friends on the other side of the planet.

Digital cameras have fallen dramatically in price while improving dramatically in quality. Entry level digital cameras, such as Alpha's ePhoto 760 (\$549) and Kodak's DC200 Plus (\$599) can produce five-by-seven-inch pictures that look as good as pictures made from a film camera. Higher-end consumer digital cameras, such as Alpha's ePhoto Q350 (\$1,249) and Kodak's DC265 (\$1,499), can produce dazzling eight-by-10-inch prints and offer more features, such as auto focus and zoom lenses.

Kodak Canada Inc. expects sales of digital cameras in Canada to grow from 55,000 units in 1998 to 83,000 in 1999. The conventional camera market is much larger of course. Over 13 million units sold in Canada in 1998. But International Data Corporation predicts that the worldwide digital camera market will grow from 4.7 million units in 1999 to 22 million units in 2003.

You do not need a digital camera to be a digital photographer. Scanners offer an inexpensive way to get pictures into your computer. Conventional flatbed cameras costing under \$200 will produce fair results. You can get excellent results from Hewlett-Packard's PhotoSmart S28 photo scanner (\$499), which scans slides and negatives as well as prints.

In fact, you do not even need a computer to be a digital photographer. Many photo stores have computerized kiosks where you can scan your pictures, correct flaws, add borders and fancy effects, then print them out.

The Digital Revolution



The World in Your Pocket (or Briefcase)

Compact computing devices let you get important information wherever you are

Digital First

During 1998, 100,000 handheld and palm computers were sold in Canada, up from 43,200 the previous year. The market will grow to 175,000 units in 1999 and 250,000 in 2000. Source: Statistic Canada

the Internet. Communicating over Rogers' Cartel Inc.'s Mobile data network, the Palm VII will use a new technology called "jogging" that delivers just the information you want. "Now you can access the Internet from a cab or an airport terrace," says Michael Moskowitz,

Canadian sales and marketing manager for 3Com's Palm Computing Inc. subsidiary.

David Neale, vice-president of new technology for Rogers' Cartel Inc., can use the device being useful for people who want

to keep on top of their investment portfolios, and for salespeople who want to gather business intelligence on prospects before visiting them. "There are hundreds of developers creating interesting little applications for the Palm platform," he notes. As the Palm VII gets established, there will be whole groups of people developing applications that exploit its communications capabilities.

Other devices let colleagues keep in touch directly. For people who need to keep in touch with co-workers and need access to corporate computer information, Rogers' Cartel offers Interlink Messaging, which lets users send and receive text messages and send faxes over wireless networks from tiny palm-sized devices.

Palm size PCs, based on Microsoft Corp.'s Windows

Small enough to fit in the palm of your hand, 3Com Corp.'s Palm computers store names, addresses, appointments and e-mail messages, and let you track expenses. Prices range from \$159 for the entry-level Palm Professional to \$679 for the sleek, elegant Palm V. Optional modems are available for all of 3Com's Palm computers.

Coming this fall is the Palm VII, which has built-in wireless communications capabilities so that you can get information off



Palm V

Catch the Big Wave

High-speed Internet services speed up surfing

Surfing the Internet can be a frustrating exercise. You click on an interesting-looking site, then sit and wait for the page to load into your computer. But in many parts of Canada, the "World Wide Web" is getting a lot shorter, thanks to new high-speed Internet access services being rolled out by cable, telephone and wireless communications companies.

These new services are 20 to 200 times faster than conventional dial-up Internet

CE operating systems, are available from Compaq, Casio, Hewlett-Packard and Philips. Like 3Com's Palm computers, they store names, addresses and appointments, let you read and respond to e-mail messages. You enter commands and text the same way you do with Palm computers, by drawing on the screen with a metal pen. The latest Palm-size PCs have colour screens. Not only does this make the screen more readable, a colour screen is perfect for peeking in a game of Tetris while you are waiting to get on your flight.

For those who want to use a keyboard to enter text, Compaq and HP both have Windows CE-based handheld computers. They come with "Pictac" versions of Microsoft's popular Word, Excel, Outlook and Internet Explorer programs. But their tiny keyboards are more suitable for hunt-and-peck than for touch-typing.

New this year are Windows CE "Pio" computers, also with Microsoft's "Pocket" applications. Models like Compaq's Aero 8000 have nearly full-size keyboards and

colour screens, but are smaller and lighter than conventional notebook computers, and have longer battery life. Peter McNeill, mobile computing product manager for Compaq Canada Inc., says these mini-notebooks will appeal to people who need basic computer functions like calendaring, word processing and e-mail, but for whom a full-blown notebook is overkill.

Significant changes are occurring in notebook computers, McNeill adds. "Everything is getting smaller and lighter, yet more powerful." In a machine that weighs three to four pounds and is as thin as paper, you can get a 350-Megahertz Pentium II processor. Coming later this year are processors that change speed depending on whether they are being operated on batteries or AC, and a new type of battery that is 40 per cent lighter than the batteries currently used in most notebooks.

Filling prices are making notebook computers, which traditionally have been sold mainly to corporate accounts, more attractive to home-office buyers, says Ben



Toshiba Notebook

Rucktes, marketing communications manager for Toshiba of Canada Ltd. "For \$2,000, you can get a heck of a lot in a notebook now," he says. "A 300- to 330-Megahertz processor, CD-ROM, 4- to 6-gigabyte hard drive and 75- or 94-inch display. The next advance will be closing the gap between notebooks and desktops." ■

Card-maker cuts jobs

Cleveland-based American Greetings Corp. strains itself in consolidating North American holdings and cutting 950 Ontario jobs at its Canadian subsidiary, Carlton Cards Ltd. While 1,000 jobs will remain, the firm said it is moving manufacturing and distribution positions to Kentucky and Arkansas in a bid to save money and make use of newer technology at U.S. plants.

Manley defies WTO

Industry Minister John Manley gave aircraft engine maker Pratt & Whitney Canada Inc. \$354 million from the Technology Partnership Canada fund. The grant funds a World Trade Organization ruling that the firm provide employment opportunities. But Manley said the ruling is under appeal and that the latest federal allocations are for research and development, not exports.

Eaton's settles lawsuit

The T. Eaton Co. Ltd. paid former president George Katsch \$1 million as part of a settlement in a wrongful-dismissal lawsuit. In 1997, Eaton's fired Katsch, former head of the Hudson's Bay Co., with the aim of getting the chain out of bankruptcy protection. After 17 months, Eaton's announced Katsch had resigned and he had moved.

Suspected swindler caught

Police in Neotoma, Pa., arrested a Toronto financial adviser suspected of bilking his clients, many of them seniors, of more than \$12 million. At the time of his arrest, Patrick Kofas, 53, was in the psychiatric ward of a local hospital, claiming he was a national Toronto realtor and 50-year-old, who did not have a licence to sell stocks, so scared of taking clients' money and providing false stock portfolios.

Coke back on the shelves

Belgium and France lifted the ban on Coca-Cola products imposed after a health scare in Belgium. 249 people reported feeling ill, and had headaches more in France, after drinking Coke and other Coca-Cola brands. A fluoride applied to glass caused some cases at a French plant, while in Belgium the use of substituted carbon dioxide produced a food taint.

Martin's banking umbrella

In a wide-ranging financial policy statement, Finance Minister Paul Martin announced several initiatives to protect bank customers, and ending the creation of an independent ombudsman with the power to recommend awards to aggrieved customers. Any initiative that does not comply will see that fact advertised by the ombudsman. Martin also established

a bank, managing threshold to 20 per cent, up from 10 per cent. Banks say that will help them form alliances and joint ventures. But the Canadian Bankers Association expressed disappointment in being barred from commenting into lucrative auto leasing and insurance. Last year, the Task Force on the Future of the Canadian Financial Services Sector, headed by

Saskatchewan lawyer Harold Mackay, called for greater competition in these areas. "We find it hard to understand why the government has ignored the task force's recommendation," said CBA president Ray Preston. On bank mergers, Martin said they could be allowed, but would have to be approved by the finance minister after review by the Finance



Martin announces a new bank and other financial

Committee. Ottawa's competition watchdog and the superintendent of financial institutions, Bank analyst Mike Ansell of Edward Jones in St. Louis said he does not expect a merger soon. "It's going to have to wait a few years until the competitive environment is putting the heat on the Canadian banks, and then they'll probably allow them."

The banks fell well short of their wish list, but did find some reward. Martin doubled the limit on how much stock an individual can hold in

Financial outlook

Economic forecasts were up 2.8 per cent by the day. Last week, the Toronto Dominion Bank upgraded its growth projections for Canada's

gross domestic product, saying GDP will climb 3.5 per cent this year and 2.8 per cent in 2000. (In April, the bank expected 2.6 per cent growth this year—which was up three-fifths of a percentage from a TD Bank prediction in January—and 2.3 per cent in 2000.) The bank attributed the improved outlook to Asia's continuing recovery and a red-hot U.S. market. "The Canadian economy is in the best shape it has been in more than a decade," said TD Bank chief economist Rusty Gertzi. "From an economist's point of view, this is about as good as it gets."

A ROSIER PICTURE

Predictions for growth in Canada's GDP have steadily improved



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Ross Laver

Lament for the loonie

Pay close attention to the debate over a single North American currency and you'll notice something curious: even many of those who strongly oppose the idea acknowledge that, a decade or two down the road, it may be inevitable.

If that's the case, perhaps we should forget the anti-stirring nationalist rhetoric for a moment—Canada Day notwithstanding—and contemplate what it would mean in practical terms to give up the already battered and weakened Canadian dollar.

In reality, not very much would change, for the simple reason that the Canadian and U.S. economies are already closely intertwined, and becoming more so with each passing year. Free trade has hastened this process, and a common union would accelerate it even more, but the emergence of a single North American economy was already well under way before Brian Mulroney decided to dissolve the two-step with Ronald Reagan. What? Because, as every successful business owner in the country already knows, Canada is nothing more nor less than a satellite of the vast American market. And we need them more than they need us.

Perhaps the strongest argument for keeping the loonie is that Canada needs the free-floating capacity of its own central bank to stabilize the economy in terms of (non-monetary) interest. Not surprisingly, Bank of Canada governor Gordon Thiessen is a strong proponent of this view. Canada, he points out, is far more dependent on natural resources than is the United States. Hence, he says, we need a separate currency to cushion the shocks when, as happened two years ago, commodity prices go into a tailspin.

That's an obvious line in this line of thinking, however. Carried to its logical conclusion, it suggests that British Columbia would be better off using a different currency than Ontario, since the former depends heavily on resource shipments to Asia and the United States while the latter relies principally on exports of manufactured goods such as cars, auto parts and machinery. The truly profound economic differences exist between Canada and the United States, they're between southern Ontario and the B.C. Interior, Toronto and Coquitlam-Chelsea, Nfld.

This isn't just a theoretical point. In the late 1980s, the Bank of Canada jacked up interest rates to cool down the booming Ontario economy, with little regard for the impact on other, less economically buoyant parts of the country. If

there is to come a time when the dollar is more important as a token of national sovereignty than anything else, And like most other such symbols—the CBC, the Canadian Football League and Enbridge, to name a few—its real-world significance has declined sharply over the past decade.

This is a difficult thing for Canadians to admit, but the evidence is all around us. Without federal subsidies and a few remaining regulatory and ownership restrictions, there would be no Canadian television industry to speak of, hardly any Canadian film industry, little in the way of a

domestic book trade and fewer distinctive Canadian magazines. The NBA looms so large in the lives of many young people as the NHL, and the latter is almost wholly Americanized. We eat at American-owned fast-food restaurants, shop at American-owned stores and surround ourselves with American brands to a far greater extent than was the case 15 or 20 years ago. Nike and the Gap state much more to my 12-year-old than do the Bay and Canadian Tux. Parents who can afford it routinely send their children away to U.S. universities, knowing it will improve their chances of landing a well-paying job in New York City or California. Many large and midsize companies across the country already conduct their business entirely in U.S. dollars and trade their shares on U.S. stock exchanges. On payday, they convert their loonies only as much money as is required to compensate their Canadian workers. The same workers then march off to the shopping mall to buy U.S.-made goods from U.S.-owned retailers, who promptly convert those loonies back into U.S. dollars.

The point here is simple: whether we choose to acknowledge it or not, our economic reality is almost nine times out of 10. We have a right of regard when MacMillan Bloedel Ltd. sells us a U.S. forestry plot, then hops in the machine to buy a set of patio chairs at Wal-Mart.

Stature or not? Not at all. But the closer we get to achieving North American economic integration, the less it makes sense to maintain a separate Canadian currency, other than for purely sentimental reasons. That's why the loonie's existence is almost a hangover from the past.

Thiessen and his crew believe it is possible to devise a single monetary policy for a country as geographically diverse as Canada, why is it such a



BRITISH COLUMBIA (NON-METRO) DEALER OF EXCELLENCE AWARD WINNER

Norm Assam

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DE
DEALER OF EXCELLENCE

The chosen ones

A world of promise awaits 11 new Rhodes Scholars

Hélène Descom could feel her heart pounding as she took her place at the conference table and faced her interrogators. There were five professors, two lawyers and a former senior bureaucrat, and they held the keys to one of the world's most exclusive clubs. For 45 minutes in April, they propped the 22-year-old psychology student from the University of Prince Edward Island with questions. By the end, Descom was sure she had blown it. Disappointed, she hit the road for the long drive home to Charlottetown from Fredericton. But less than an hour after walking through the door, the familiar phone call came she had been selected by the blue-ribbon panel as a Rhodes Scholar for 1999. "I started to cry," she says. "It was one of those phenomenal experiences when you get something you're not expecting and it just promises so much."

In keeping with tradition, Descom shares the prestigious award this year with 10 Canadian students chosen by region. Thanks to Cecil Rhodes, the British empire builder and diamond magnate who made provision for the scholarships in his 1902 will, 16 university graduates from around the world will head to Oxford University this fall for up to three years of post study. The scholarships are worth up to \$100,000 each, including a \$16,000-month living allowance. But the value is much more than monetary. "It can be a hugely life-altering thing," says Ellen Gibson, an Ontario Superior Court judge and one of the five women to be awarded the scholarship when, by order of the British Parliament, it was co-ed in 1976. "It expands the scope of your dreams."

Not that the typical candidate is any shrinking violet. The program calls for graduates, under the age of 25, with "proven intellectual and academic attainment." But it takes more than top marks. To build leaders who could ad-

vance the empire, Rhodes wanted students with impeccable integrity, a concern for humanity, leadership skills and energy—shown particularly through success in sports.

Over the years, however, the emphasis on athleticism has diminished.



McCutcheon training in swimwear. "They look for passion in different areas."

Montrealer Marco Gaudier, 20, who graduated with a degree in mathematics and physics from McGill University this spring, is an avid swimmer who once competed at the annual International Wheelers Convention in Lunenburg, N.C. Sam Kennedy, a 20-year-old psychology grad from the University of Manitoba who volunteers with Chicanos, a Winnipeg social justice group. "They look for passion in different areas," says this year's B.C. Rhodes Scholar, Murray McCutcheon, a 24-year-old cricketer and physics major who graduated from the University of British Columbia last month with a 91 average. "But because the scholarship carries such an aura, a lot of people write themselves off."

Consolidating the program's prestige, the number of applicants is surprisingly small—about 200 a year for 11 positions

Applicants must submit six letters of reference, and the interviewers take particular delight in firing questions from left field. Says Kennedy: "They have at least one designated heavy hitter who argues with basically anything you say."

Since 1904, about 1,200 students have made the cut in Canada, 580 of whom are still living. The recipients include former prime minister John Turner, journalist Ben Murphy and renowned neurologist Wilder Penfield. Tony Mount Allison University in Sackville, N.B., lays claim to producing the highest number per capita in



SASKATCHEWAN DEALER OF EXCELLENCE AWARD WINNER

Roger F. Mann

We proudly salute the Maclean's 1999 Saskatchewan Dealer of Excellence Award winner, Mr. Roger F. Mann, President of Royal Auto Source in Prince Albert, Sask.

Maclean's, in partnership with the Canadian Automobile Dealers Association, is proud of its role as the sponsor of the Dealer of Excellence Award Program, recognizing the best new car dealers across Canada.

Roger captured the Saskatchewan Dealer of Excellence Award by outperforming in

three important areas: business acumen, association involvement and community contribution.

Roger's exemplary service adds lustre to the nation's automotive industry and, like Maclean's magazine, provides what matters to Canadians.

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John Schofield

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People Edited by Tanya Davies

Gretzky gets the last word

The Great One still shines on a starry night

The National Hockey League's annual awards show in Toronto had something for everyone last week. The coma had its near-dramas (last Ron Maclean only narrowly lost Don Cherry for manning Ottawa's Jacques Martin in coach of the year before the referees were rained, and fashion crises (model Candie's bikini-chuck-named-belly-dance surfer). And home-local first, snoring from the Leafs' playoff loss to Buffalo, based when the Leafs' Dušan Kasek won the Vezina Trophy as the league's best goaltender. Otherwise, the evening was a lively celebration of the game. Hayley Wickham and Candie Campbell, sons of Canada's world champion women's team, gave the top dedication word to St. Louis's Al MacIsaac. Later, the inimitable Maurice Richard presented Anaheim's *Teanna Solano* with the first-over Richard "Trophy" as the league's top goal scorer. Richard was followed by Wayne Gretzky, who with his wife, Janet, handed the most valuable player award to Pittsburgh dynamo *Jonathan Jag*.

Between awards, the downtown themes were Brett Hall's disputed goal that shot Dallas over Buffalo for the Stanley Cup, and the first post-accidents appearance in Toronto of the Great



One. Only a day after leaving he would be inducted into the Hockey Hall of Fame, Gretzky walked into the Air Canada Centre to a standing ovation. Members of the Johnny Favorite Swing Orchestra taped 95s to their backs, and in the podium, the Toronto Argos' Mike Clements inhaled deeply and said "It's great to breathe the same air as Wayne Gretzky." Gretzky was an award



Wayne and Janet (left) between awards, the wife kept returning to the controversial Cup-winning goal

himself as the most generously played. Before leaving the stage, he offered his own view of the disputed goal: "For what it's worth," he said, "I think it was a goal." The greatest scorer in NHL history ought to know.

Double fault for Hingis

The top draw at the du Maurier Open in August may not be the world's top women's tennis player by the time she is scheduled to arrive in Toronto. Swiss sensation Martina Hingis, 18, seeded first at Wimbledon, was soundly routed in the first round last week by 16-year-old Jelena Dokic, a Serbian-born Australian. The stunning upset was considered the most dramatic in women's tennis history.



Hingis, suffering a stunning upset

And it was not the first of Hingis' problems this year. Last month, she filed French Open law with her angry

and pensive reaction to a line call at the championship match against veteran Steffi Graf. Later, when Graf came back to win the title, Hingis dissolved into tears and had to be forced back onto the court for the award ceremony by her mother, Melanie Malhotra, who is also her coach. Then, when Malhotra was notably absent at Wimbledon, the teenage starred that the two simply needed some breathing room. In London, Hingis offered her own explanation for her loss to Dokic—fatigue. "I think I need to take some time off," she said wearily, before doing just that. Time off, apparently, for bad behaviour.

In Love
With

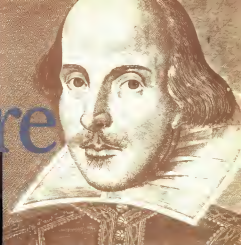
Shakespeare



His plays are more popular than ever. To be or not to be a fan of the Bard is not in question.

By John Benbrook

Gwyneth Paltrow and Joseph Fiennes as Shakespeare in *Love*: tidal waves of genius



Shakespeare, it seems, is everywhere these days—playing, at many times as he once did, at an actor. There's Shakespeare the acrobat, beloved at Hollywood; the woodstock behind half a dozen recent films. And then there's Shakespeare the mystery man, the subject of a renewed debate about who the Secret of *Love* really was. And don't overlook Shakespeare the lovable young artist—the most-wired face of *Shakespeare in Love* is instantly captured by Joseph Fiennes. This is probably the most prominent Shakespeare of all just now, viewed by millions, many of whom no doubt think they are having a real Shakespearean experience, whatever that might mean. Never mind that 95 per cent of this delighted Oscar-winning story is pure invention, or that the bits of *Romeo and Juliet* that are used wouldn't fill 10 minutes in a K-Tel "Best of the Bard" selection. This is the season to glorify Shakespeare and the facts be damned.

Yet the phenomenon is hardly new. Bardolatry, or the excessive adoration of Shakespeare, has been breaking out regularly in the nearly 400 years since his death. People have been buried with his plays and gotten married to his sonnets. The great 18th-century actor, David Garrick—the most dedicated bardolatrous of them all—had his picture painted with one arm draped charmingly around Shakespeare's bust, as if the two had just returned back from a night on the town. Perhaps at this very minute some Hollywood producer is contemplating a similar memorial, and why not? Shakespeare the scriptwriter has proved a gold mine. From the wondrous success of *A Midsummer Night's Dream* through *Romeo + Juliet*, *Hamlet*, *Macbeth*, *Alice About Nothing*, *Richard III*, *Looking for Richard* and the upcoming *Time And Chance*, the bard has put some extraordinary stories on the screen. And which more, the man doesn't object to novellas and never asks for a penny of royalties.

Meanwhile, Ontario's Stratford Festival must be feeling grateful to Shakespeare the playwright. Hoping to encourage a younger-than-middle-age audience, the

festival has run a series of fairly bland newspaper ads. The one for *A Midsummer Night's Dream* shows Titania, the fairy Queen, suggestively on her knees before an ant-headed Bottom, while the caption reads, "Lost in the Woods." It seems to be working: there has been a 40-per-cent increase in first-time patron over last year.

The festival has found more respectful treatment in *Shakespeare: The Invention of the Human*, a brilliant, though sometimes overbearing, study of the playboy by the great American literary critic, Harold Bloom. This 1998 tome has little brio, spending the gospel around North America. "The most over-powered and awful the plays of Shakespeare," writes Bloom, "the most one-sided that the academic scene towards them is one of awe. How he was possible, I cannot know."

Of course, people who have read off Shakespeare by heart-worned English teachers or tedious productions of his plays might well suspect that the current fix is just another media job. There may become truth in this: even genius is subject to the whims of fashion. But to credit Shakespeare's current revival solely to good public-

The greatest
of Shakespeare's
characters have escaped
the plays that
gave them birth



ity would be like giving weather forecasters credit for the weather. The evidence has been building for several seasons now that Shakespeare's plays have worked themselves into a very deep layer of human consciousness: people keep returning to them as to an ancestral, endlessly renewable source.

Critics have long tried to explain this appeal. They point to Shakespeare's prodigious versatility—the tidal wave of genius that roared up Othello, Iago, Lear, Cleopatra, Macbeth, Bottom, Malvolio, and a host of other unlikable characters. The greatest of them seem to have escaped the plays that gave them birth. Harold claims such an escape is the very archetype of the thinking, ungratified, modern man, crucified on his own self-interest.

For Bloom, Shakespeare is a revolutionary writer responsible for no less than what he terms "the evolution of the human." By this he means, in part, that Shakespeare was the first author to bring the private, self-facing side of people into literature and therefore into general knowledge. According to Bloom, his plays show that a person, grappling with the challenge of becoming self-aware, might change. In other words, Shakespeare's view of life was dynamic: he imagined a complex, volatile freedom that might lead to readily to destruction as to grace. His characters demonstrated this so thoroughly that we have, in a sense, come to see life through Shakespearean eyes: we have become Shakespearean characters. "Shakespeare will go on explaining us," writes Bloom, "in part because he invented us."

This is heady stuff. But there is another, more plausible side to Shakespeare: the successful entrepreneur and businessman, living by

International Man of Mystery

In the past 250 years, no fewer than 80 individuals have been suggested as the true author of Shakespeare's works. The long-running debate is once again as white hot as the popularity of the plays themselves. The leading alternative contender is Sir Edward de Vere, 17th Earl of Oxford. He cut the sort of dramatic figure that some critics demand for the author of such glorious works: university-educated, a court favorite, married to the daughter of Queen Elizabeth I's chief minister, a poet and well-travelled patron of actors. Oxford was in and out of royal favor, supporters point out, and so had good reason to disguise his

authorship. Oxfordians deal with the inconsistent fact of the earl's death in 1604, before a dozen of the plays are supposed to have been written, by rejecting the standard chronology.

But why is another candidate needed? What's wrong with the man his contemporaries thought wrote the plays, William Shakespeare, the 21-educated son of a country glove-maker, unacquainted with royalty and foreign parts, character actor and litigious businessman? Just that, actually. The Stratford man is not large enough for his works—"a simple man of moderate intelligence," according to one opponent.

On its own terms, the debate is vastly entertaining, conducted everywhere from scholarly journals to online chat groups with passion, erudition and bursts of downright nastiness. (Literary critic Harold Bloom discusses all doubters as "secret, perhaps unknowing resenters of Shakespeare's cognitive and imaginative power.") The irony of the critics' war is that listing Shakespeare from country boy to blueblood still hardly explains the magnitude of his achievement. And for most of those who have been mesmerized by *Hamlet* or *King Lear*, their quester really doesn't matter. The play, after all, is the thing.

Brian Bethune

his wit aside: without competition. His Globe Theatre (he owned 10 per cent of it) had room for up to 4,000 spectators, which makes it twice as large as the Royal Theatre in Stratford, Ohio. To keep filling it—theaters then were as hungry for new works as restaurants are now—Shakespeare churned out a phenomenal two plays a year, a pace that may well have contributed to his early death at 52 in 1616. Ironically, Shakespeare himself seems not to have aimed up much bibliography in his own lifetime. While a few unkind contemporaries praised him—his friend, playwright Ben Jonson, famously wrote that he was "not of an age, but for all time"—there is evidence that he acted more for the more popular than he was. While Shakespeare's own death was scarcely noted, the demise in 1619 of the great tragic performer Richard



William Shakespeare's journey of Corbett as Richard III, the most debauched hand-to-hand of them all led the campaign to rediscover Shakespeare as the native English genius

Bartholomew (for whom Shakespeare had created Hamlet) and other roles) plunged London into mourning.

Twenty years later, Shakespeare's reputation was at a low ebb. The tastes of theatergoers had swung to the sedation of Restoration drama. William pillaged Shakespeare's plays for ideas and characters. They even "improved" them with rewriting. *King Lear* was given a happy ending, while the First was cut out altogether. *Romeo and Juliet* was turned into a play about Russian politics and entitled *The History and Fall of Cato Marston*. And the addition of songs and dances lightened up *Macbeth*, while the play's poetry was made clearer and more genteel. Macbeth, upbraiding a servant, no longer said "The devil damn'd black, thus countenanced loof" but, instead, he smothered said. "Now, friend, what means thy change of countenance?"

Yet thanks to the labors of actors, critics, screen and stage managers, Shakespeare was gradually rediscovered as the native English genius, whose work was increasingly said to tower over flashes but less substantial foreign dramas.



Scenes from *Romeo + Juliet* (1996), *100% Henry V* (below left), *1999's A Midsummer Night's Dream* (below right): the Bard has put some extraordinary stories on the screen



Throughout the 18th and 19th centuries, the norm of his plays was minimal—and given increasingly elaborate productions with huge crowd scenes and tricky special effects. Playing Hamlet in the 1740s, David Garrick wore an animal wig. In the scene where Hamlet is tormented by his father's ghost, the actor pulled a concealed string, causing of his hair to stand on end.

In the 20th century, there has been a steady effort to strip Shakespearean productions to the bare essentials. An English movement to return to the spare, thrilling stage and minimal scenery of Elizabethan times was carried to Canada by director Lynne Guthrie and daughter Tanya Mowbray. The revolutionaries highly efficient modern stage they created for the Stratford Festival in 1973 remains one of the most beautiful in the world—and the inspiration for other stages in North America and England.

Great and even good productions of Shakespeare are rare. But when the right director and performers are at work, and the gods are smiling, a new version of *King Lear* or *Twelfth Night* or *The Winter's Tale* can become one of those experiences by which the rest of life is measured. And whenever the unbridled theater seems to be rating too comfortably on their Shakespearean boards, there is now to be a breed of hungry young screen genius on *Hamlet* in some anonymous warhouse. Perhaps the Prince of Denmark wears a toque and dirty overcoat; but there it is: in his eyes is Shakespeare's words come bearing forth itself. At such times, banality is the only relief. **B**

Stratford Casts a Spell

A stellar production of *The Tempest* heads the annual Shakespearean festival

By John Benbow

When a great actor at the height of his powers meets Shakespeare—who is always at the height of his—the result can be spellbinding. It's happening right now at the Stratford Festival, which recently opened its 47th season in the pretty farmstead midway toward Stratford, Ont., a two-hour drive west of Toronto. The play is *The Tempest*, the last work traditionally viewed as the Bard's farewell to his art. The actor is 79-year-old William Hutt, who is approaching the end of his own stellar career. As Prospero, the deposed Duke of Milan who rules in island loneliness by magical powers, Hutt is nothing less than miraculous. He speaks Shakespeare's verse from such a deep place within himself that it reaches out and touches the same deep place in the listener. Hearing this Prospero is like eavesdropping on an old man's thoughts, expressed in a voice so resonant in a set cave and in public as, well, thought itself.

Asked to explain the secret of Hutt's performance, *The Tempest* director Richard Monette simply shrugs and says "That's just genius." True enough. But Monette—speaking in the cluttered, smoky office where for five years he has worked as Stratford's artistic boss—who knows as well as anyone how hard Hutt works in rehearsal. And he is aware how the actor is demanding his experience with *The Tempest*, a play he has appeared in two times before at Stratford. In fact, Hutt's career performance (which runs to Nov. 7) could stand as a crowning emblem for the way theatrical experience accumulates and deepens, not just in one actor's lifetime, but across the generations. "The younger people are very lucky to be in this production, because it will be one of their last chances to work with him," says Monette, once a Shakespearean lead actor himself. "That whole generation of actors—Hunt, Burt Brinckerhoff, Douglas Campbell, Douglas Bain, and so on—who have been at Stratford from the early days are verging on retirement now. It's extremely important that we find a way to carry on their inheritance."

Monette is very up on the place of classical actors in a tradition. He traces right back to Shakespeare's own players. "Unless you're connected to other actors who are connected to older ac-



tors, who have handed the skills down, you have no guarantee, you have no legacy," Monette declares. And he stresses that this tradition, even at Stratford, is in danger as never before. "This is an era where there's no great respect for the word made flesh, as I call the theatre," Monette says, sketching out a scenario in which most people seeking entertainment—and most actors seeking employment—are drawn into the dominant world of film and videos. By contrast, he maintains that the magnificent drag-queen actor who has spent more of their careers at Stratford is that they have been largely free of these influences. "They weren't distracted by appearing in bad television or commercials. They just got better and better at their craft of putting on the classic plays."

To ensure that the survivors can pass on what they know to younger actors, Monette has just founded the Stratford Festival Conservatory for Classical Theatre Training. Backed by a \$6-million fund, this outgrowth of earlier programs such as



Peter Hoot as Caliban, William Hutt as Prospero, Claire Julian as Miranda in *The Tempest*; Chloë van der Horst as Ariel in *A Midsummer Night's Dream* (opposite) during an interview at Stratford

Stratford's Young Company will train an annual selection of the finest young actors from across the country. During a 16-week course, they will get intensive instruction in such varied areas as speaking iambic pentameter and looking at the world from an Elizabethan point of view. "When my research over" commences Monette, "I think the conservatory will be the most important thing I leave behind. It's an investment on the future, and a loving tribute to Shakespeare."

Monette has made another kind of tribute to Shakespeare with his poignant, strongly acted *Tempest*, enhanced by Muriel Nazzari's economically beautiful props and costumes. This production (which is the moment when Prospero, prompted by his attending spirit, Ariel [Michael Threlkeld], decides to forgive revenge and forgive the man who took his Dukedom from him—and who has been shipwrecked on the island where he is saving out his birthright). The great scene, scored so deeply and so memorably here, unfolds the more those. Time and again, this *Tempest* demonstrates this love about giving freedom to others. Its personal, its love, its generous Caliban (Peter Hutt, William's nephew)—the one creature Prospero does not set free—who remains the most responsible of the island's animals. Hutt gives Caliban a certain-like dignity and his delivery of the famous speech evoking the strange music that haunts the island is exquisitely moving.

Meanwhile, Monette's confidence of rather opaque production of *A Midsummer Night's Dream* (to Nov. 5) is fun to watch, but fails to equal the magical charm of the festival's 1993 season, clapped by visiting Irish director Joe Dowling. At times, the human leas so far overboard it almost sweeps the show. Yet Brian Bedford's subtly naive, pie-faced Bottom—the steepest in comedy for his self-awareness in he is from the moon—is one of the delights of the new season.

There is also comedy in director Dura Leffland's truly awful vision of *Twelfth Night* (to Sept. 28)—though it is surely intentional. And Monette's own comedy acts in the role role to such a marvellous, understated way that he sounds about as

dangerous as Mr. Dussup. It doesn't work—and neither do Leffland's odder directorial choices, like having Michael interrupt his marvellous career to serve as a barbeque upon Benoit's mid-life partner, Martha Henry (in Lady Macbeth), and the rest of the cast here in some expressive work—no so good.

Stratford is having better luck with its musicals. Those two famous gangs, the Joss and the Shrike, rumble again in the festival's explosive version of Leonard Bernstein's classic 1957 musical, *West Side Story* (to Nov. 6)—and a rendition of Shakespeare's *Romeo and Juliet*. They also play Tony and Mrs. Anne Doolittle plays Maria—the focus of Tony's haunting love-battle *Maria*. While this production never quite reaches the highest realms of pathos, it's potent enough to make the most solid musicals rumble again with the pang of true love.

Stratford's other musical, *Devil's* (to Nov. 7)—from Canada's Richard Owsen (book, lyrics and direction) and Mark Norman (music)—could be the finest musical and some more, and better, dialogue to overcome a certain dramatic sluggishness. But with a electrifying Joan Chohan in the title role, this pocket musical of only seven performers will manage to evoke the profoundly exotic undertone in Ross Stott's 1997 tale. Another recasting of a famous book, Jane Austen's *Pride and Prejudice* (to Nov. 6), has been bravely argued by Jeannette Lamberton. Austen's pariahs may find the comedy a bit broad, but the busy marching-band life of the Bennet family is a deliciously subtle. By the time Austen's befuddled heroine, Elizabeth Bennet (the magnificent Lay Penfold), ends the play in her true love's arms, the handkerchief eyes are out and the festival has a beautiful hit on its hands. ■



Artistic director Monette is fond of the festival's success since



Allan Fotheringham

Sold: British Columbia

There has been a suspicion for some time—gathering speed with NAFTA—that Canada will simply become a launch point of the United States and will eventually disappear in a separate country.

This suspicion has now been confirmed with the news that British Columbia has been sold to the Yanks. That's essentially what has happened with the forest empire Weyerhaeuser buying out MacMillan Bloedel, which for three-quarters of a century has been the guts and soul of the province built on trees.

The coup d'état was executed 20 months ago when an American, Tom (Chairman) Stephens, was hired to run it. Stephens didn't bother to really settle in Vancouver, commencing to his home in Denver. It shouldn't have surprised anyone, then, that within two years he peddled the whole thing to the budding down in Seattle. The Weyerhaeuser boss, at his opening press conference, displayed all the fluff and veneer of an accountant who'd had his morning milk.

All great corporations—like all great newspapers—flow from the personality of the person on top. H. R. MacMillan was a giant of a man who dominated every room he entered and was as well-read as any professor. He made modern British Columbia.

He was born a Quaker in obscure poverty on a small farm north of Toronto. At Ontario Agricultural College in Guelph he finished sixth in his first year behind the head of the class, John Braden, later premier of Manitoba. MacMillan seemed more interested in poetry, but then went on to Yale, the only Canadian there to really flourish.

Shortly after he graduated, he was diagnosed as having tuberculosis. In 1908, there was no medical cure for the disease. He was 25. He spent three years in a sanatorium in the Laurentians. A year later, he was the first chief forester in B.C.

The old joke was that H.R. walked the length of B.C., noted every single tree, then quit government service and bought all of them. He established the first locally owned lumber export company. Fifty cents of every B.C. dollar came from timber and H.R. dominated the industry.

"Mac Blo" was so familiar that it felt, one day, to be unfortunate writing in the Vancouver Sun's page 1 headline: "Mac Blo jobs cut." It didn't survive the second edition.

H.R. was special. When his favourite daughter, Jeanette, graduated from Stanford, he gave her a graduation present a trip around the world for two and asked her who she wanted to ride. The answer was simple: "You." They sailed to Japan

on the Empress of Canada in 1939 and took four months to tour the world. She phoned him every single day of her life until he died in 1976.

So dominant was the MacMillan rule in Vancouver that when Jeanette married the most handsome young scoundrel in town, Gordon Southeren, one of the heirs to the newspaper chain, it was reported that she had married "down."

H.R. worked for the government overseas in the First Big War, served in Ottawa for the second one as a C. D. House. Dufferin-York-Man. He was a friend cousin of Marie de la Roche, and seemed both puzzled and fascinated by his own surname that she was a lesbian.

He was a huge man, well over 200 lb., and his famous countenance, all eyebrows and glowering, actually looked like a Douglas fir. When Arthur Lincolson, Canada's premier architect, built the downtown headquarters on Georgia Street for B.C.'s No. 1 firm, he shaped it thick at the bottom, tapering upwards, with random windows giving the impression of bark, so the whole structure looked like a tree. In essence, really, like H.R.'s face.

On his third trip to the Galapagos on his yacht, he visited Sir Arthur (Bomber) Harris, the RAF commander famed for his controversial bombing of German civilians. The line arising out, Harris rose early and told the captain to make a course change. When H.R. awoke, he ordered the captain to return to Bermuda. Harris was put ashore at Lima, and the cruise continued. No one but H.R. gave orders on his ship.

How do you succeed a giant? H.R. first selected Ben Hoffmeister, a decorated war hero from the Battle of Normandy. He was, anecdotes said, the son H.R. never had. One day he called him in and, with outer arm around down his face, fired him. No one to this day knows why.

His second choice was even more bizarre, gliding J. V. Clyne off the B.C. Supreme Court bench—an important former Shakespearean actor with no business experience who, like H.R., was 2 when his father died.

H.R. later admitted it was the worst mistake of his life. Sandy Ross, who taught us all about business writing, recounted how Clyne, at a cocktail party had dropped his glass of rum over the head of Harold Foley, the courtly Southern head of a timber firm Mac Blo had swallowed.

Clyne phoned Ross and blundered: "That's a bit! It wasn't me! It was Sandy!"

The bloodless administrators of Seattle will no give us such fun



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